

फा.सं. ऐरा/20010/एम.वाई.टी.पी./ए.ए.आई - कालीकट/सी.पी.-दो/2016-17

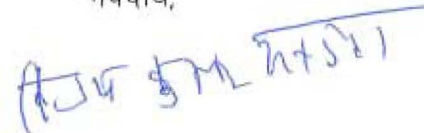
भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
ऐरा भवन, प्रशासनिक कॉम्प्लेक्स,
सफदरजंग एयरपोर्ट,
नई दिल्ली-110003

दिनांक : 4, अगस्त, 2017

विषय: दूसरे नियंत्रण अवधि (01.04.2016-31.03.2021) के लिए कालीकट अंतर्राष्ट्रीय हवाई अड्डा, कालीकट, (सी.आई.ए.) के संबंध में वैमानिक टैरिफ के निर्धारण के मामले में

उपर्युक्त विषय पर दिनांक 04.08.2017 का टैरिफ आदेश संख्या 09/2017-18 सूचना और अनुपालन के लिए संलग्न है।

भवदीय,



(वी. के. सचदेवा)

उप महा प्रबंधक (वित्त)

सेवा में,

1. भारतीय विमानपत्तन प्राधिकरण, राजीवगांधी भवन, सफदरजंग एयरपोर्ट, नई दिल्ली-110001

प्रतिलिपि सचिव, नागर विमानन मंत्रालय, राजीवगांधी, भवन, सफदरजंग एयरपोर्ट, नई दिल्ली-110003



Airports Economic Regulatory Authority of India

सत्यमेव जयते

**In the matter of determination of aeronautical tariffs
in respect of Calicut International Airport, Calicut (CIA) for
the second Control Period (01.04.2016 – 31.03.2021).**

4th August, 2017

**AERA Building
Administrative Complex
Safdarjung Airport
New Delhi – 110 003**



Table of Contents

1. Introduction.....	2
2. Summary of stakeholders' comments on Consultation Paper No. 07/ 2017-18.....	4
3. Methodology for Tariff determination.....	5
4. Multi Year Tariff Proposal of CIA.....	12
5. True-up for First control period	13
6. Traffic forecast.....	23
7. Allocation of Assets (Aeronautical and Non-Aeronautical)	27
8. Opening Regulatory Asset Base for Second control period	32
9. Capital Expenditure for Second control period	33
10. Depreciation	37
11. RAB for Second control period	40
12. Cost of Equity, Cost of Debt, Gearing, and Fair Rate of Return (FRoR).....	42
13. Revenue from services other than aeronautical services	44
14. Operation and Maintenance Expenditure	51
15. Taxation	58
16. Aggregate Revenue Requirement for Second control period.....	61
17. Annual Tariff Proposal	63
18. Summary of Orders	788
19. Order	799

भा.वि.आ.वि.प्रा.

AERA



1. Introduction

1.1. Calicut Airport commenced operations in 1988 and was declared as an international airport in February 2006.

1.2. The traffic handled by Calicut International Airport (CIA) during the 1st control period is given in table below:

Table 1 - Passenger and ATM traffic during the 1st control period at CIA

Year	Dom. Pax (mn)	Int. Pax (mn)	Total Pax (mn)	Dom. ATMs	Int. ATMs	Total ATMs
2012	0.23	1.98	2.21	2,700	13,450	16,150
2013	0.31	1.96	2.27	3,639	13,094	16,733
2014	0.29	2.18	2.46	2,676	13,544	16,220
2015	0.30	2.29	2.58	3,099	14,382	17,481
2016	0.37	1.94	2.31	3,474	13,786	17,260

1.3. CIA, with a traffic of more than 1.5 mppa, is a major airport as defined in Section 2 (i) of AERA Act. Accordingly, tariff determination of aeronautical services at the airport is undertaken by AERA.

1.4. Technical and Terminal building details of CIA are provided in the table below:

Table 2 – Technical and Terminal building details of CIA

Technical Details of CIA		
Particulars	Details	
Total airport area	378.45 acres	
Runway orientation	10/28	
No. of Taxi Tracks	4	
No. of Apron Bays	12	
Aerodrome Category	4D	
Navigational Aids	DVOR, DME, NDB and ILS	
Operational hours	24 hours	
Terminal building Details		
Particulars	Domestic (T-I)	International (T-II)
Terminal Building Area	9,330 sq. m.	22,220 sq. m.
Immigration Counters	-	18+14
Customs Counters	-	1+4
Security Counters	3	5
Departure Conveyor	1	1
Arrival Conveyor	2	3
Peak hour passenger capacity	250 + 250	500 + 500



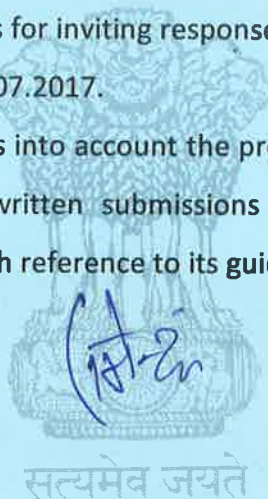
Particulars	Domestic (T-I)	International (T-II)
No. of Check-in Counters (CUTE)	9	23
Total Area of Car Parking	6,717 sq. m.	6,454 sq. m.

1.5. AAI has submitted MYTP for revising the aeronautical charges for the 2nd control period.

The Authority's consideration of this proposal and its views in respect of all relevant issues were placed for stakeholder consultations vide Consultation Paper Number 07/2017-18 on 16.06.2017. The last date for receipt of comments was 10.07.2017.

1.6. A meeting with the stakeholders for inviting responses on the proposed decisions taken by the Authority was held on 03.07.2017.

1.7. This order of the Authority takes into account the proposals of AAI, views expressed by stakeholders in the meeting, written submissions received from stakeholders and examination by the Authority with reference to its guidelines for airport operators.



भा.वि.आ.वि.प्रा.

AERA



2. Summary of stakeholders' comments on Consultation Paper No. 07/ 2017-18

2.1. In response to Consultation Paper No. 07/2017-18 dated 16.06.2017, the Authority received several responses from stakeholders. The list of stakeholders, who have commented on the Consultation Paper No. 07/2017-18, is presented below.

Table 3 – Summary of stakeholders' comments

Sr. No.	Stakeholder	Issues Commented
1.	Federation of Indian Airlines (FIA)	<ul style="list-style-type: none">• Methodology of Tariff Determination• True-up for 1st control period• Traffic• Fair Rate of Return (FRoR)• Annual Tariff Proposal
2.	Business Aircraft Operators Association (BAOA)	Annual Tariff Proposal
3.	Hindustan Petroleum Corporation Limited	Annual Tariff Proposal

2.2. The Authority has carefully considered comments made by stakeholders and has obtained response of AAI on these comments. The tentative position of the Authority in its Consultation Paper No. 07/2017-18, issue wise comments of stakeholders on Consultation Paper, response from AAI thereon, Authority's examination, and its decision are given in relevant sections of this order.

(H/O)

भा.वि.आ.वि.प्रा.

AERA



3. Methodology for Tariff determination

3.1. The Authority, vide its Order No. 13/2010-11 dated 12.01.2011 ("Airport Order") and Direction No. 5/2010/11 dated 28.02.2011 ("Airport Guidelines"), has issued guidelines to determine tariffs at major airports based on Single Till mechanism. Subsequently, the Authority has amended guidelines vide its Order No. 14, 2016-17 dated 12.1.2017 to determine future tariffs using Hybrid Till.

3.2. The tariff determination process consists of true-up for 1st control period and determination of building blocks for 2nd control period. The Authority proposes to undertake true-up of 1st control period based on actual financials and traffic data under Single Till (as was applicable during 1st control period) and determination of building blocks for 2nd control period under Hybrid Till.

3.3. The Aggregate Revenue Requirement (ARR) under regulatory framework of Authority is calculated as under

$$ARR = \sum_{t=1}^5 (ARR_t) \text{ and}$$

$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - \alpha \times NAR_t$$

Where

- 3.3.1. t is the Tariff Year in the control period;
- 3.3.2. ARR_t is the Aggregate Revenue Requirement for year t ;
- 3.3.3. $FRoR$ is the Fair Rate of Return for the control period;
- 3.3.4. RAB_t is the Aeronautical Regulatory Asset Base for year t ;
- 3.3.5. D_t is the Depreciation corresponding to the Aeronautical RAB for year t ;
- 3.3.6. O_t is the Aeronautical Operation and Maintenance Expenditure for year t , which include all expenditures incurred by the Airport Operator(s) towards aeronautical activities including expenditure incurred on statutory operating costs and other mandatory operating costs;
- 3.3.7. T_t is the Tax in year t , which includes payments by Airport Operator in respect of corporate tax on income from assets/ amenities/facilities/services taken into consideration for determination of ARR for year t ;
- 3.3.8. α is 30% cross subsidy factor for revenue from services other than aeronautical services under Hybrid Till for 2nd control period. α is 100% cross



subsidy factor under Single Till for 1st control period; and

3.3.9. NAR_t is the revenue from services other than aeronautical services (Non-Aeronautical Revenues or NAR) for year t.

3.4. Based on ARR, Yield per Passenger is calculated as per formula given below:

$$\text{Yield per Passenger (Y)} = \frac{\sum_{t=1}^5 PV(ARR_t)}{\sum_{t=1}^5 (VE_t)}$$

Where,

3.4.1. Present value (PV) of ARR_t for a tariff year t is calculated at the beginning of the control period and the discounting rate for calculating PV is equal to the Fair Rate of Return determined by the Authority.

3.4.2. VE_t is the Traffic volume in a tariff year t as estimated by the Authority

3.4.3. ARR_t is the Aggregate Revenue Requirement for tariff year t.

3.5. While determining building blocks and ARR for CIA, the Authority proposes to-

3.5.1. Allocate CHQ/ RHQ overhead expenses on revenue basis as per the approach followed by the Authority while determining tariffs for Guwahati and Lucknow airports

3.5.2. Adopt depreciation rates consistent with the Companies Act and for assets not defined in the Companies Act at 3.33% from FY 2011-12 onwards

3.6. The Authority caps airport tariffs at a level where revenue generated through approved tariffs is equal to the permissible ARR for the Airport Operator. The Authority's approach on the above is detailed in subsequent sections.

3.7. The true-up for 1st control period and determination of building blocks for 2nd control period are detailed in subsequent sections.

Stakeholders' comments and Authority's observations

Comments from FIA

3.8. FIA in its comments has stated that the Authority ought to follow Single Till model and provided additional comments as below:

3.8.1. Hybrid Till is followed, which is in contravention to AERA tariff guidelines.

3.8.2. It is noteworthy that in a matter pending adjudication before the Hon'ble Airports Economic Regulatory Authority Appellate Tribunal ("AERAAT"), MoCA



had submitted by way of its Counter-Affidavit that the Authority is an independent regulator and suggestions of Government of India/ MoCA are not legally binding on it. Further, it has submitted that MoCA has no role to play with respect to determination of aeronautical tariff. The Authority being a party to the said matter is aware of the contents of MoCA's Counter Affidavit in the said matter.

3.8.3. Single Till is premised on the following legal framework being:

(a) Section 13 (1) (a) (v) of AERA Act envisages that while determining tariff for aeronautical services, the Authority shall take into consideration revenue received from services other than the aeronautical services.

(b) Clause 4.2 of AERA Guideline recognizes Single Till approach which sets out the following components on the basis of which ARR will be calculated:-

i) Fair Rate of Return applied to the Regulatory Asset Base

ii) Operation & Maintenance Expenditure

iii) Depreciation

iv) Taxation

v) Revenues from services other than aeronautical services

(c) AERA in its Single Till Order has held that "Single Till is most appropriate for the economic regulation of major airports in India"

3.8.4. Determination of aeronautical tariff warrants a comprehensive evaluation of the economic model and realities of the airport – both capital and revenue elements. CIA's approach of Hybrid Till deserved to be discarded.

3.8.5. In the Single Till order, Authority has strongly made a case in favour of the determination of tariff on the basis of 'Single Till'. It is noteworthy that the Authority in its inter alia Single Till order has:

(a) Comprehensively evaluated the economic model and realities of the airport – both capital and revenue elements.

(b) Taken into account the legislative intent behind Section 13 (1) (a) (v) of the AERA Act.

(c) Concluded that the Single Till is the most appropriate for the economic



regulation of major airports in India

(d) The Criteria for determining tariff after taking into account standards followed by several international airports (United Kingdom, Australia, Ireland and South Africa) and prescribed by ICAO.

3.8.6. The Authority in its AERA Guidelines (Clause 4.3) has followed the Single Till approach while laying down the procedure for determination of ARR for Regulated Services. In this respect, the matter must be dealt with by the Authority considering the ratio pronounced by the Constitutional Bench in the Hon'ble Supreme Court Judgment in PTC vs. CERC reported as (2010) 4 SCC 603 (please ref: Paragraph Nos. 58 to 64 at Page Nos. 639 to 641). Wherein it is specifically stated that regulation under an enactment/ statute, as a part of regulatory framework, intervenes and even overrides the existing contracts between the regulated entities inasmuch as it casts a statutory obligation on the regulated entities to align their existing and future contracts with the said regulations.

3.8.7. The fundamental reasoning behind 'Single Till' approach is that if the consumers/ passengers are offered cheaper air-fares on account of lower airport charges, the volume of passengers is bound to increase leading to more foot-fall and probability of higher non-aeronautical revenue. The benefit of such non aeronautical revenue should be passed on to consumers/ passengers and that can be assured only by way of lower aeronautical charges. It is a productive chain reaction which needs to be taken into account by the Authority.

(a) Single Till Model ought to be applied to ALL the airports regulated by the Authority regardless of whether it is a public or private airport or works under the PPP model and in spite of the concession agreements as the same is mandated by the statute.

(b) Single Till is in the public interest and will not hurt the investor's interest and given the economic and aviation growth that is projected for India, Fair Rate of Return (FRoR) alone will be enough to ensure continued investor's interest.



(c) MoCA's view(s) with respect to any issue at best can be considered as that of a Stakeholder and by no means are binding to Authority's exercise of determination of aeronautical tariff as is admitted by MoCA itself before the AERAAT.

3.8.8. In view of the above, it is submitted without prejudice that determination of aeronautical tariff on Hybrid Till basis for the first control period has set the tone and precedent for determination of aeronautical tariff in subsequent control periods contrary to the applicable legal framework. Thus, it is submitted that Authority should discard the option of determination of aeronautical tariff on Hybrid Till and follow Single Till scrupulously.

3.8.9. AERA vide its order 15/ 2015-16 dated 17.04.2015 had decided to continue existing tariffs on ad-hoc basis and advised AAI to submit MYTP for the 2nd control period well in time.

3.8.10. It may kindly be noted that AAI has submitted its proposal on 08.12.2015 (7.5 months from the order) and almost 4 months well before start of 2nd control period and further AERA allowed AAI to resubmit the MYTP under Hybrid Till on 08.03.2017 (with a time gap of 15 months from first submission) post release of NCAP (June, 2016) and revised submission on 21.04.2017. AERA circulated this Consultation Paper on 16.06.2017 (almost 18 months from the first submission). This can be treated as an intentional delay, allowing AAI to move from Single Till to Hybrid Till.

AAI's submission to FIA's comments

3.9. AAI stated that Ministry of Civil Aviation has in the recently announced Civil Aviation Policy stated that: "To ensure uniformity and level playing field across various operators, future tariffs at all airports will be calculated on a 'hybrid till' basis, unless otherwise specified for any project being bid out in future. 30% of non-aeronautical revenue will be used to cross-subsidize aeronautical charges. In case the tariff in one particular year or contractual period turns out to be excessive, the airport operator and regulator will explore ways to keep the tariff reasonable, and spread the excess amount over the future."



AERA vide letter No. F.No. AERA/20010/Civil Aviation Policy/2014-15/9408 dated 4th August, 2016 has requested AAI to re-submit the Multi Year Tariff Proposal for determination of Aeronautical Tariff for the 2nd Control period on 30% Hybrid Till basis for Seventeen Major Airports and true up of eleven Major Airports for the first control period.

Authority's examination of FIA's comments and AAI's submission to FIA's comments

3.10. The Authority has noted comments from FIA related to the regulatory Till applicable for Calicut airport and the response of AAI to FIA's comments. The Authority has decided to adopt Hybrid Till as per the revised guidelines issued vide its Order No. 14, 2016-17 dated 12.01.2017 and decides to consider the order to be issued by Appellate Tribunal at an appropriate time.

3.11. The Authority has also noted the comment from FIA related to timelines for Calicut's submissions and issue of consultation paper. The delay in finalizing the tariff order was mainly due to the on-going discussions on apportionment of CHQ/RHQ expenses and the appropriate methodology for the same.

Authority's general views on adoption of Hybrid Till

3.12. The Authority's earlier decision to use 'Single Till' approach to fix the tariff for airports at a time when most of the new airports were being developed on 'Hybrid Till' basis resulted in differential treatment with one set of airports under the 'Single Till' and the other group under the 'Hybrid Till'. It was difficult to justify the basis for such differential treatment and it has also caused some regulatory uncertainty which is not warranted at a time when greater emphasis is being placed on private investments for airport development.

3.13. The Authority adequately responded to the stakeholders' comments on the adoption of Hybrid Till in its Order No. 14, 2016-17 and passed the following order:

"(i) The Authority will in future determine the tariffs of major airports under "Hybrid Till" wherein 30% of non-aeronautical revenues will be used to cross-subsidize aeronautical charges. Accordingly, to that extent the airport operator guideline of the Authority shall be amended. The provisions of the Guidelines issued by the Authority, other than regulatory Till, shall remain the same.

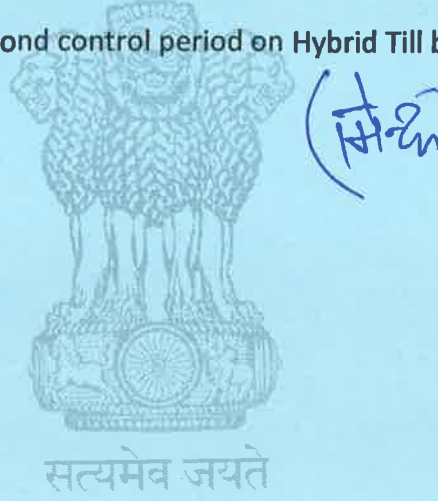


(ii) In case of Delhi and Mumbai airports, tariff will continue to be determined as per the SSA entered into between Government of India and the respective airport operators at Delhi and Mumbai.”

3.14. In view of the above, the Authority decides to determine aeronautical tariffs at CIA for first control period on Single Till basis and for second control period on Hybrid Till basis.

Decision no. 1. Methodology for tariff determination

1.a. The Authority decides to determine aeronautical tariffs at CIA for first control period on Single Till basis and for second control period on Hybrid Till basis.



भा.वि.आ.वि.प्रा.

AERA



4. Multi Year Tariff Proposal of CIA

4.1. In the 1st control period, the Authority, vide its Order No. 16/2015-16 dated 17.04.2015 had decided that the tariffs at CIA would continue at the existing level on ad-hoc basis and advised AAI to submit MYTP for the 2nd control period well in time along with the actual financials till FY 2014-15 and the aggregate revenue requirements for the 1st control period.

4.2. Accordingly, AAI made submissions dated 08.12.2015 to the Authority for determination of tariffs for 2nd control period. Subsequent to the announcement of National Civil Aviation Policy, AAI made revised submissions under Hybrid Till on 21.12.2016. In response to the clarifications requested by the Authority, AAI updated the submissions under Hybrid Till on 08.03.2017. AAI has further revised their submission under Hybrid Till on 21.04.2017 as part of clarifications submitted in line with the comments provided by AAI for Trivandrum airport consultation paper for the 2nd control period. The Authority has adopted the model proposed by AAI as on 08.03.2017 and considered subsequent submissions made by AAI for this consultation paper.

4.3. AAI provides Communication, Navigation, Surveillance/ Air Traffic Management (CNS/ATM) services in addition to landing, parking and other aeronautical services at CIA. AAI has submitted that the tariff proposal does not consider revenues, expenditure and assets on account of CNS/ATM services. This consultation paper discusses the determination of tariffs for aeronautical services at the airport excluding CNS/ ATM services.

4.4. AAI has informed that accounts of AAI are audited by C&AG of India as mandated by the AAI Act. The C&AG's resident audit party audits the financial records and statements of AAI airports, regional/ field offices. However, the C&AG issues the final audit certificate for the AAI as a whole and only trial balance is available for CIA. The Authority has utilized these documents as submitted by AAI for determination of tariffs.



5. True-up for First control period

5.1. True-up for 1st control period is calculated as difference between

5.1.1. Permissible aeronautical revenue calculated based on actual traffic and financials

5.1.2. Actual aeronautical revenue received by AAI for 1st control period

5.2. AAI has submitted opening RAB for the 1st control period under Single Till at ₹ 116.1 crores.

Table 4 – Opening RAB for the 1st control period – Single Till

S. No.	Particulars	Amount (₹ crore)
1	Original Cost of Airport Assets excluding CNS/ATM related assets as on 01.04.2011	301.2
2	Accumulated Depreciation as on 01.04.2011	185.1
3	Opening RAB[(1)-(2)] as on 01.04.2011	116.1

Permissible aeronautical revenues

5.3. AAI has calculated Aggregate Revenue Requirement of ₹ 276.1 crores (PV of ARR is ₹ 217.6 crores as on 1st April 2012) for 1st control period.

Table 5 - ARR as per AAI for the 1st control period – Single Till

Details (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
Opening RAB	116.1	110.1	99.8	87.5	88.2
Assets capitalized during the year	10.5	6.7	4.6	18.6	30.2
Disposals/ Transfer	0	0	0	0	0
Depreciation	16.5	17.0	16.9	18.0	20.5
Closing RAB	110.1	99.8	87.5	88.2	97.9
Average RAB	113.1	104.9	93.7	87.8	93.0
Return on Average RAB@14%	15.8	14.7	13.1	12.3	13.0
Operating Expenditure	41.4	52.8	46.6	56.6	53.7
Depreciation	16.5	17.0	16.9	18.0	20.5
Corporate Tax	5.6	3.9	6.6	5.5	0.9
Less- Revenue from services other than Regulated services	23.2	28.1	30.7	35.6	37.7
ARR as per AAI	56.1	60.2	52.4	56.8	50.5
Total ARR as per AAI	276.1				
Discounted ARR	56.1	52.8	40.3	38.4	29.9
PV of ARR for the control period as on 01.04.2012	217.6				



Actual aeronautical revenues

5.4. AAI has submitted that it has earned ₹ 237.1 crores during 1st control period.

Correspondingly, AAI has submitted that it has a shortfall of ₹ 66.7 crores (future value as on 01 April 2017) during the 1st control period. The aeronautical revenues for the 1st control period is shown below:

Table 6 - Aeronautical revenue earned for the 1st control period as per AAI Submission – Single Till

No.	Particulars (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
A	Revenues from Regulated Services					
1	Landing Charges:					
1.1	Domestic	0.5	1.3	3.5	3.2	2.3
1.2	International	31.2	30.4	29.3	30.7	18.3
1.3	Total Landing Charges	31.8	31.7	32.8	33.9	20.6
2	Parking and Housing Charges:	0.5	0.4	0.4	0.4	0.1
3	PSF(Facilitation Charges(FC)):					
3.1	Domestic	1.4	1.7	1.7	2.1	2.6
3.2	International	7.7	8.4	9.3	9.7	7.9
3.3	Total PSF (FC)	9.1	10.2	11.0	11.9	10.6
4	User Development Fees (UDF):					
4.1	Domestic	-	-	-	-	-
4.2	International	-	-	-	-	-
4.3	TOTAL UDF	-	-	-	-	-
5	Fuel Throughput Charges	1.3	1.4	1.3	1.6	1.1
6	Ground Handling Charges	4.6	5.0	2.8	2.1	4.9
7	Cargo revenues	-	-	-	-	-
8	CUTE services	0.6	1.1	1.2	1.4	1.3
	Total Aeronautical Revenues	47.9	49.7	49.5	51.4	38.6

Table 7 - ARR and its resultant shortfall as per AAI for 1st control period – Single Till

No.	Components (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
1	ARR for year	56.1	60.2	52.4	56.8	50.5	276.1
2	Aeronautical Revenue	47.9	49.7	49.5	51.4	38.6	237.1
3	Shortfall	8.2	10.5	2.9	5.4	11.9	39.0



No.	Components (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
4	Future Value of shortfall as on 01.04.2017	18.0	20.3	4.9	8.0	15.5	66.7

Authority's Examination

5.5. The Authority had proposed adjustments on the following building blocks for calculating true-up of 1st control period

5.5.1. Adjustment for depreciation

5.5.2. Adjustment for non-aeronautical revenues

5.5.3. Adjustment of RAB

Adjustment for Depreciation

5.6. AAI has used depreciation rates as per the accounting policy approved by AAI board.

The depreciation rates used by AAI for key assets are –

Table 8 - Depreciation rates as submitted by AAI

No.	Asset Class	As per AAI
1	Land	0%
2	Runways	13.00%
3	Aprons	13.00%
4	Road, Bridges & Culverts	13.00%
5	Building- Terminal	8.00%
6	Building – Temporary	100%
7	Building – Residential	5.00%
8	Security Fencing – Temporary	100%
9	Boundary Wall –Operational	8.00%
10	Other Building – Unclassified	8.00%
11	Computer & Peripherals	20.00%
12	Intangible Assets- Software	20.00%
13	Plant & Machinery	11.00%
14	Tools & Equipment	20.00%
15	Office Furniture	20.00%
16	Other Vehicles	14.00%
17	Vehicle- Cars & Jeeps	14.00%
18	Electrical Installations	11.00%
19	Other Office and Equipment	18.00%
20	Furniture & Fixtures	20.00%
21	X Ray Baggage System	11.00%
22	CFT/Fire Fighting Equipment	13.00%



5.7. The Authority had proposed the following depreciation rates

5.7.1. For asset types not defined under Companies Act (runway, taxiway and aprons): 3.33% based on useful life of 30 years from FY 2011-12 onwards

5.7.2. For asset types defined under Companies Act: rates prevalent under the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014. The depreciation rates as submitted by AAI and as considered by the Authority are given in Table 28.

5.8. Depreciation for the 1st control period has been calculated on the basis of actual date of capitalization of assets.

5.9. The revised depreciation for the 1st control period under Single Till is given below:

Table 9 – The Authority's consideration on depreciation for 1st control period – Single Till

No.	Details (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
1	As per AAI	16.5	17.0	16.9	18.0	20.5	88.8
2	As per Authority	5.4	5.6	5.6	11.0	12.4	40.0

5.10. In respect of cost of land, the Authority notes that land is not a depreciable asset and if taken into RAB, the return over it has to be paid perpetually. Besides, if the principle of FRoR based on cost of capital is applied on cost of land the aeronautical charges may have to be fixed at exorbitantly high rates. Since the Authority has so far not come across instances where the land cost is significant part of the RAB, it is necessary to examine all the ramifications of taking the value of cost of land into RAB. The Authority realizes that unless some kind of return is given on land, future land acquisitions for airport purposes could become a major hurdle for airport development. Therefore, it is proposed to conduct a study based on which the treatment to be given to cost of land can be determined on a sound reasoning.

5.11. In the case of CIA it is proposed to exclude the existing cost of land (₹ 23.1 cr. in FY 2011-12) as well as addition (₹ 1.4 cr. in 1st control period) from the RAB till a final decision is taken on the Issue.

5.12. The change in depreciation rates and exclusion of land from RAB results in a change in



average RAB of the 1st control period as shown below –

Table 10 – The Authority's consideration of average RAB for 1st control period – Single Till

No	Details (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
1	As per AAI					
	Opening RAB	116.1	110.1	99.8	87.5	88.2
	Additions	10.5	6.7	4.6	18.6	30.2
	Disposals	0	0	0	0	0
	Depreciation	16.5	17.0	16.9	18.0	20.5
	Closing RAB	110.1	99.8	87.5	88.2	97.9
	Average RAB	113.1	104.9	93.7	87.8	93.0
2	As per Authority					
	Opening RAB	93.0	97.1	97.9	96.8	104.4
	Additions	9.4	6.4	4.6	18.6	31.4
	Disposals	0	0	0	0	0
	Depreciation	5.4	5.6	5.6	11.0	12.4
	Closing RAB	97.1	97.9	96.8	104.4	123.5
	Average RAB	95.0	97.5	97.4	100.6	113.9

Adjustment for Non-Aeronautical revenues

5.13. The Authority noted that AAI has considered lease rental revenues from ground handling agencies and oil companies, building rent revenues from ground handling agencies and revenues share from cargo as non-aeronautical revenues during the 1st control period. As per the provisions of the AERA Act, the services rendered in respect of ground handling, oil companies and cargo are aeronautical services.

5.14. The Authority had proposed to consider the revenues from Cargo facility, Ground Handling Services and Supply of fuel to aircraft (CGF) including land lease rentals as aeronautical revenue.

Table 11 – Comparison of NAR as considered by AAI and the Authority for 1st control period

NAR (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
NAR as submitted by AAI (1)	23.2	28.1	30.7	35.6	37.7
Adjustment					
<i>Revenue from Cargo, Ground handling and fuel services treated as aeronautical (2)</i>	<i>1.3</i>	<i>1.5</i>	<i>1.8</i>	<i>2.2</i>	<i>1.7</i>
NAR as per Authority (3 = 1 - 2)	21.9	26.6	29.0	33.3	36.0

Adjustment for operating expenditure (CHQ/ RHQ expenditure apportionment)



5.15. Total CHQ/ RHQ expenses for AAI is as shown in table below. AAI has requested the apportionment of CHQ/ RHQ expenses while determining tariffs of major airports. CHQ/ RHQ expenses consist of three components – Expenditure for CIA employee's retirement benefit allocated at CHQ, overheads at CHQ and overheads at RHQ. The CHQ/ RHQ expense considered for apportionment have been netted off against the income received by CHQ/ RHQ.

5.16. The retirement benefit is allocated on the basis of number of employees at CIA. The Authority had proposed to allocate the CHQ/ RHQ overhead expenses for the airport services after excluding the ANS expenses on revenue basis which is consistent with the approach adopted by the Authority in MYTP of 1st Control Period for Guwahati and Lucknow airports. The Authority observes that as per the above methodology the CHQ/ RHQ overhead expenses are allocated in proportion to the capacity of the airport to absorb higher cost of CHQ/ RHQ. Under this methodology, a portion of CHQ/ RHQ expenses are allocated to Delhi and Mumbai airports based on revenue received by AAI from these airports.

Table 12 - Summary of CHQ/ RHQ Overheads as submitted by AAI for 1st control period

No.	in ₹ crore	2012	2013	2014	2015	2016
Apportionment of CHQ/ RHQ overheads						
1	CHQ Expenses	259.3	331.2	303.8	397.3	404.6
2	Less - CHQ Revenue	93.8	152.6	183.5	236.8	227.7
3	Net CHQ Expenses (1-2)	165.6	178.7	120.3	160.5	176.9
1	Southern Region - RHQ Expenses	27.3	45.1	54.1	66.5	68.6
2	Less - Southern Region - RHQ Revenues	3.1	4.7	3.7	1.5	9.2
3	Net Southern Region RHQ Expenses (1-2)	24.2	40.5	50.4	65.1	59.4
Total of Net CHQ and RHQ Expenses						
		189.7	219.1	170.7	225.6	236.3
CHQ/ RHQ Overheads allocated to CIA						
		9.1	12.4	11.9	15.1	11.2
Apportionment of Retirement Benefits at CHQ						
	Total provision of retirement benefits at CHQ	159.7	289.4	160.0	275.2	182.9
	Provision of Retirement Benefits at CHQ for CIA	2.3	5.8	3.3	5.8	4.3

5.17. In view of the above, the O&M expenditure for 1st control period is given in table



below.

Table 13 - Summary of O&M expenditure as per the Authority for 1st control period -Single Till

No.	Particulars (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
1	Pay roll Expenditure of CIA	13.5	15.1	17.2	18.5	19.8
2	Expenditure for CIA employees' retirement benefits allocated at CHQ	2.3	5.8	3.3	5.8	4.3
A	Total Pay roll Expenditure (1+2)	15.8	21.0	20.5	24.3	24.1
3	Administrative and General Expenditure	4.7	5.8	3.1	3.3	3.8
4	Apportionment of administration & General expenditure of CHQ/RHQ	9.1	12.4	11.9	15.1	11.2
B	Total Administration & General Expenditure(3+4)	13.8	18.2	15.1	18.4	15.0
C	Repairs and Maintenance Expenditure	7.1	7.5	4.6	7.4	7.4
5	Power Charges	4.5	5.9	6.3	6.4	7.0
6	Water Charges	0.0	0.0	0.0	0.0	0.0
D	Utility and Outsourcing Expenditure	4.5	5.9	6.3	6.4	7.0
E	Other Outflows	0.1	0.1	0.1	0.1	0.1
	Total (A+B+C+D+E)	41.4	52.8	46.6	56.6	53.7

Adjustment in base year for calculating present value of shortfall

5.18. The Authority noted that the present value factor considered by AAI for the shortfall in aggregate revenue collection in comparison to allowable aggregate revenue for the 1st control period (refer to Table 7) is calculated as on 01.04.2017 instead of 01.04.2016.

The Authority had proposed to consider the present value of shortfall as on 01.04.2016.

Tax calculation for 1st control period

5.19. The tax calculation as submitted by AAI for 1st control period apportions actual tax liability of AAI based on the profit before tax of CIA and profit before tax of AAI.

5.20. The Authority noted that the tax liability of AAI would include tax as a result of income from Delhi and Mumbai airports. Therefore, the Authority had proposed to determine tax for CIA by applying the provisional tax rates as applicable on the standalone profit before tax of the airport. In addition, for calculation of tax, the Authority had proposed to determine depreciation considering the depreciation rates applicable under Income Tax laws.

5.21. AAI has submitted revised tax calculations based on standalone financials of CIA as



shown below. The Authority had proposed to consider the depreciation as submitted by AAI calculated based on Income Tax depreciation rates.

Table 14 – Revised amount of Tax as considered by the Authority for the 1st control period

Particular (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
Aeronautical Revenues	49.2	51.2	51.3	53.7	40.3
Non-Aeronautical Revenues	21.9	26.6	29.0	33.3	36.0
O&M (excluding retirement benefits and CHQ/ RHQ Overheads)	29.9	34.5	31.3	35.7	38.2
Retirement benefits and CHQ/ RHQ Overheads	11.4	18.3	15.3	20.9	15.5
Depreciation as per IT Act	13.2	12.3	11.1	12.1	15.0
PBT	16.6	12.7	22.5	18.3	7.5
Tax	5.4	4.1	7.6	6.2	2.6

Revised Aggregate Revenue Requirement

5.22. The ARR for the 1st control period has been revised based on adjustments detailed above.

5.22.1. Change in depreciation rates as per Table 28

5.22.2. Change in RAB

5.22.3. Apportionment of CHQ/RHQ costs and change in tax calculation

5.22.4. Revenues from ground handling agencies, oil companies and cargo to be treated as aeronautical revenues

5.22.5. Correction of present value factor for shortfall calculation

Table 15 - ARR as per Authority for the 1st control period – Single Till

Details (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
Average RAB	95.0	97.5	97.4	100.6	113.9
Return on Average RAB@14%	13.3	13.6	13.6	14.1	16.0
Operating Expenditure	41.4	52.8	46.6	56.6	53.7
Depreciation	5.4	5.6	5.6	11.0	12.4
Corporate Tax	5.4	4.1	7.6	6.2	2.6
Less- Revenue from services other than Regulated services	21.9	26.6	29.0	33.3	36.0
ARR as per Authority	43.5	49.5	44.6	54.6	48.7
Total ARR as per Authority					240.9
Discounted ARR	43.5	43.4	34.3	36.9	28.8
PV of ARR for the control Period as on 01.04.2012					186.9



5.23. Correspondingly, the shortfall during the 1st control period between permissible aeronautical revenues and actual aeronautical revenues is calculated as below:

Table 16 - ARR, yield and shortfall as per Authority for 1st control period – Single Till

No.	Components (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
1	ARR for year (refer Table 15)	43.5	49.5	44.6	54.6	48.7	240.9
2	Aeronautical Revenue	49.2	51.2	51.3	53.7	40.3	245.6
3	Shortfall/(Excess)	-5.7	-1.7	-6.7	1.0	8.4	-4.7
4	Future Value of shortfall/(Excess) as on 01.04.2016	-10.9	-2.9	-10.0	1.3	9.6	(12.9)

5.24. Based on the material before it and its analysis, the Authority proposed the following:

5.24.1. To true-up the 1st control period on the basis of Single Till

5.24.2. To apportion CHQ/RHQ overheads on revenue basis.

5.24.3. To consider the revenues from Cargo facility, Ground Handling Services and Supply of fuel to aircraft including land lease rentals as aeronautical revenue.

5.24.4. To apply following depreciation rates:

5.24.4.1. For asset types not defined under Companies Act (runway, taxiway and aprons): 3.33% based on useful life of 30 years from FY 2011-12 onwards.

5.24.4.2. For asset types defined under Companies Act: rates prevalent under the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014. The depreciation rates as submitted by AAI and as considered by the Authority are given in Table 28.

5.24.5. To consider excess of ₹ 12.9 crores in the 1st control period for true-up in the 2nd control period.

Stakeholders' comments and Authority's observations

Comments from FIA

5.25. AERA proposed to conduct a study based on which the treatment to be given to cost of land can be determined on a sound reasoning. AERA should share the timelines of the



study and likely date of the report.

Authority's examination of FIA's comments

5.26. The Authority proposes to conduct the study on treatment to be given to cost of land and issue the consultation paper for stakeholder consultation in the financial year 2017-18.

Decision no. 2. True-up for the 1st control period

- 2.a The Authority decides to true-up the 1st control period on the basis of Single Till
- 2.b The Authority decides to adopt CHQ/RHQ overheads apportionment on revenue basis.
- 2.c The Authority decides to consider the revenues from Cargo facility, Ground Handling Services and Supply of fuel to aircraft including land lease rentals as aeronautical revenue.
- 2.d The Authority decides to apply following depreciation rates:
- a. For asset types not defined under Companies Act (runway, taxiway and aprons): 3.33% based on useful life of 30 years from FY 2011-12 onwards.
 - b. For asset types defined under Companies Act: rates prevalent under the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014. The depreciation rates as submitted by AAI and as considered by the Authority are given in Table 28.
- 2.e The Authority decides to consider excess of ₹ 12.9 crores in the 1st control period for true-up in the 2nd control period.



6. Traffic forecast

6.1. The traffic growth rates as submitted by AAI for 2nd control period are as follows:

Table 17 - Traffic Growth rates assumed by AAI for the 2nd control period

YEAR	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
2016-17	15%	8%	9%	10%	5%	6%
2017-18	10%	7%	8%	8%	6%	6%
2018-19	10%	7%	8%	8%	6%	6%
2019-20	10%	7%	8%	8%	6%	6%
2020-21	10%	7%	8%	8%	6%	6%

Authority's Examination

6.2. The Authority observed that the actual traffic figures are available for FY 2016-17 for CIA. Accordingly, AAI submitted that traffic growth rate for FY 2016-17 can be revised by the Authority based on the actual traffic during FY 2016-17. The Authority had proposed to revise traffic growth rate for FY 2016-17 as per Table 19.

6.3. The Authority noted that the runway of CIA had been closed from 1200 hours to 2000 hours for the period between 18.09.2015 to 28.02.2017. AAI submitted that during the closure of runway Air India, Emirates and Saudi Arabian Airlines had withdrawn their wide body aircraft operations at CIA. The Authority noted that the international passenger traffic at CIA is more than 80% of the total passenger traffic and major impact of runway closure has been on international passenger and ATM traffic. As a result, the international passenger and ATM traffic growth rate had been negative at CIA during FY16 due to runway closure.

6.4. The Authority calculated CAGR (Compounded Annual Growth Rate) for ATM and passenger traffic from FY 2010-11 to FY 2015-16 (5 year CAGR) and from FY 2005-06 to FY 2015-16 (10 year CAGR) for CIA. Further, to consider the impact of runway closure, the Authority excluded FY 2015-16 traffic data and calculated CAGR for ATM and passenger traffic from FY 2009-10 to FY 2014-15 (5 year CAGR) and from FY 2004-05 to FY 2014-15 (10 year CAGR). The details have been provided in table below:

Table 18 - CAGR for traffic at CIA



	Growth rates as per AAI (FY18 to FY21)	10 Year CAGR (FY06 to FY16)	10 Year CAGR (FY05 to FY15)	5 Year CAGR (FY11 to FY16)	5 Year CAGR (FY10 to FY15)
Passenger					
Dom.	10%	7%	5%	10%	8%
Int.	7%	10%	14%	1%	7%
ATM					
Dom.	8%	8%	8%	4%	1%
Int.	6%	4%	6%	0%	0%

6.5. After evaluation of 5 and 10 year CAGR of traffic, the Authority had proposed to adopt growth rates for passenger and ATM traffic from FY 2017-18 to FY 2020-21 as submitted by AAI.

Table 19 – Traffic growth rates and Traffic as considered by Authority for 2nd control period

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
Growth Rates						
2016-17*	20.1%	14.0%	15.0%	3.2%	17.1%	14.3%
2017-18	10.0%	7.0%	7.5%	8.0%	6.0%	6.4%
2018-19	10.0%	7.0%	7.5%	8.0%	6.0%	6.4%
2019-20	10.0%	7.0%	7.5%	8.0%	6.0%	6.4%
2020-21	10.0%	7.0%	7.5%	8.0%	6.0%	6.4%
Traffic						
2016-17	439,980	2,211,108	2,651,088	3,585	16,141	19,726
2017-18	483,978	2,365,886	2,849,864	3,872	17,109	20,981
2018-19	532,376	2,531,498	3,063,873	4,182	18,136	22,318
2019-20	585,613	2,708,702	3,294,316	4,516	19,224	23,740
2020-21	644,175	2,898,312	3,542,486	4,877	20,378	25,255

* actual traffic growth for FY 2016-17

6.6. The Authority had proposed to true-up traffic as per actual growth achieved during the current control period at the time of determination of tariff for 3rd control period as explained in earlier orders of the Authority.

6.7. Based on the material before it and its analysis, the Authority proposed the following:

6.7.1. To consider the ATM and passenger traffic as per Table 19.

6.7.2. To true up the traffic volume (ATM and Passengers) based on actual traffic in 2nd control period while determining tariffs for the 3rd control period.

Stakeholders' comments and Authority's observations



Comments from FIA

- 6.8. There was runway closure (from 1200 hours to 2000 hours) between 18.09.2015 to 28.02.2017. Still actual traffic growth for FY 16-17 was 20% (DOM) and 14% (INTL). But AERA has taken 50% of the future growth rate from FY 17-16 onwards, at time when there will be no runway closure. Therefore, AERA needs to re-examine the traffic growth projection.
- 6.9. Further, AERA agrees to true-up the actual growth achieved in the 2nd control period while determining tariff for the 3rd control period. But same the principle is not been implemented while determining tariff for the 2nd control period – ignoring actual growth rate for FY 16-17 (1 year of the 2nd control period).

AAI's submission to FIA's comments

- 6.10. AAI stated that the growth rate of Air Traffic Movements for FY 2016-17 has been considered while finalizing Calicut MYTP by AERA.

AERA calculated CAGR (Compounded Annual Growth Rate) for ATM and passenger traffic from FY 2010-11 to FY 2015-16 (5 year CAGR) and from FY 2005-06 to FY 2015-16 (10 year CAGR) for CIA. Further, to consider the impact of runway closure, AERA has excluded FY 2015-16 traffic data and calculated CAGR for ATM and passenger traffic from FY 2009-10 to FY 2014-15 (5 year CAGR) and from FY 2004-05 to FY 2014-15 (10 year CAGR). After evaluation of 5 and 10 year CAGR of traffic, the Authority proposes to adopt growth rates for passenger and ATM traffic from FY 2017-18 to FY 2020-21.

Kannur Airport is expected to start operation from April, 2018 and it has projected 1.65 million passengers in their first year of operation. The impact of Kannur Airport will further reduce the projection considered by AERA. In our presentation at CP, we have highlighted this aspect to AERA and requested AERA to consider AAI's views while finalizing the MYTP.

Authority's examination of FIA's comments and AAI's submissions on FIA's comments

- 6.11. The Authority noted and analysed FIA's observation on the traffic growth rate and the response of AAI to FIA's comments. As mentioned in para 6.5, the Authority had proposed the forecasted traffic growth rates after due consideration of the past 5 years and 10 years CAGR. It is not reasonable to forecast traffic growth based on past 1 year's



traffic growth rate.

6.12. The Authority noted and analysed FIA's observation on the traffic true-up. It is clarified that the Authority has already considered traffic as per actuals for FY 2016-17 as mentioned in para 6.2.

AAI's comments

6.13. The commercial operation of Kannur International Airport Ltd (KIAL) is planned by end of April 2018. The nearest major airport to KIAL is Calicut Airport. There would be a shift of passengers from Calicut Airport to KIAL. The growth projection of both ATM and Pax would be impacted with this development. The impact of Pax and ATM is required to be adjusted for the FY 2018-19 to 2020-21 in form of increase in UDF for both Domestic and International pax. AAI proposes that the International passenger and ATM traffic growth rate from FY 2018-19 onwards should be revised to 1%. AAI proposes that the Domestic passenger and ATM traffic growth rate from FY 2018-19 onwards would not be affected.

Authority's examination of AAI's comments

6.14. The Authority has noted and analysed AAI's observations on the impact of traffic at Calicut Airport due to commissioning of Kannur International Airport Limited (KIAL). The Authority notes that the date of commissioning of KIAL might be delayed beyond May, 2018. It is not clear as to what the international and domestic traffic at KIAL will be in the initial years. It is difficult to assess the impact of KIAL on the traffic of CIA at this stage. Furthermore, the Authority noted that the international traffic has shown robust growth in recent years. In view of the aforesaid, the Authority decides to consider the ATM and passenger traffic as per Table 19. In case of any variation in the traffic volume from the forecasted traffic, the Authority decides to true up the traffic based on the actual traffic in 2nd control period while determining tariffs for the 3rd control period.

Decision no. 3. Traffic Forecast

3.a The Authority decides to consider the ATM and passenger traffic as per Table 19.

3.b The Authority decides to true up the traffic volume (ATM and Passengers) based on actual traffic in 2nd control period while determining tariffs for the 3rd control period.



7. Allocation of Assets (Aeronautical and Non-Aeronautical)

7.1. Under a Hybrid Till, only aeronautical assets are included as part of the RAB. As a result of the shift from Single Till to Hybrid Till at the end of 1st control period, the assets need to be segregated and opening RAB for 2nd control period needs to be recalculated.

7.2. For the allocation of assets between aeronautical and non-aeronautical services, AAI had divided assets into aeronautical, non-aeronautical and common components. Common components have been further segregated into aeronautical and non-aeronautical assets by applying one of the following three ratios:

- Terminal Area Ratio - ratio of aeronautical area to non-aeronautical area (applied for Terminal related assets)
- Employee Ratio - ratio of staff providing commercial services (7 employees) to staff providing aeronautical services (188 employees)
- Quarters ratio – ratio of staff providing commercial service staying in residential building (2 employees) to staff providing aeronautical service staying in residential building (73 employees)

7.3. The allocation of gross block of assets as on 01.04.2016 as submitted by AAI is given in the table below:

Table 20 – Allocation of gross block of assets as on 01.04.2016 between aeronautical and non-aeronautical services as submitted by AAI

Sr. No.	Assets	Aero Assets (₹ crore)	Total Assets (₹ crore)	% Aero
1	Land	24.5	24.5	100.0%
2	Runways	116.0	116.0	100.0%
3	Aprons	24.7	24.7	100.0%
4	Road, Bridges & Culverts	7.4	7.6	98.2%
5	Building- Terminal	64.9	69.1	93.8%
6	Building - Temporary	0.0	0.0	100.0%
7	Building - Residential	3.3	3.4	97.3%
8	Security Fencing - Temporary	0.0	0.0	100.0%
9	Boundary Wall -Operational	2.8	2.8	100.0%
10	Other Building - Unclassified	12.4	12.5	99.7%
11	Computer & Peripherals	0.5	0.5	100.0%
12	Intangible Assets- Software	0.3	0.3	100.0%
13	Plant & Machinery	9.7	9.7	99.6%
14	Tools & Equipment	4.0	4.0	99.9%
15	Office Furniture	0.5	0.5	100.0%
16	Other Vehicles	1.2	1.2	100.0%



Sr. No.	Assets	Aero Assets (₹ crore)	Total Assets (₹ crore)	% Aero
17	Vehicle- Cars & Jeeps	0.4	0.4	100.0%
18	Electrical Installations	66.2	66.4	99.7%
19	Other Office Equipment	0.1	0.1	75.9%
20	Furniture & Fixtures	1.9	1.9	100.0%
21	X-ray Baggage System	5.0	5.0	100.0%
22	CFT/Fire Fighting Equipment	21.3	21.3	100.0%
	Total	366.9	371.8	98.7%

Authority's Examination

Allocation based on Terminal Area Ratio

7.4. AAI submitted the workings for the calculation of aeronautical area to non-aeronautical area ratio vide letter dated 21.12.2016.

Table 21 – Workings of Terminal Area Ratio calculation as submitted by AAI for FY 2015-16

S.No.	Category	Domestic Terminal (Sq.m)	International Terminal (Sq.m)	Total (Sq.m)
	Non-Aeronautical Area			
1	Restaurant / Snack Bars	30.0	600.0	630.0
2	T.R. Stall	16.8	109.3	126.1
3	Duty Free Shop	0.0	355.6	355.6
4	Hoarding & Display	0.0	0.0	0.0
5	Building Non-Residential	433.7	1,580.9	2,014.6
6	Admission Tickets	2.0	4.0	6.0
7	Cargo	0.0	0.0	0.0
8	Offices of AAI commercial, land & rest room	123.1	76.9	200.0
	Total Non-Aeronautical Area	605.6	2,726.7	3,332.3
	Total Terminal Area	16,144	27,090	43,234
	Ratio of Non-Aeronautical to Total Terminal Area			7.7%

7.5. AAI submitted vide letter dated 06.06.2017 that a master concessionaire would be appointed in FY 2018-19 for management of the non-aeronautical area for Food & Beverages (F&B) and Retails at Calicut airport. Additional area under master concessionaire for these non-aeronautical activities would be 719 sq. m. Further, AAI submitted that the new international arrival block of 17,000 sq. m. would be commissioned in FY 2018-19. Non-Aeronautical area in this new international arrival block would be 316.8 sq. m. AAI submitted that the Terminal Area ratio would decrease to 7.25% from FY 2018-19 onwards due to commissioning of the new international



arrival block.

7.6. The Authority had proposed to adopt 92.3% as aeronautical area based on the terminal building ratio in FY 2016-17 for asset allocation of Terminal related assets. Terminal area ratio proposed by the Authority is higher than the terminal area ratio in FY 2018-19 to encourage growth of NAR which would cross-subsidize aeronautical charges.

7.7. Specific assets under Other Buildings, Furniture & Fixtures, Plant & machinery, Tools & Equipment and other office equipment inside Terminal Building have been considered as aeronautical by AAI. The Authority had proposed to allocate these assets in the ratio of 92.3% to 7.7%.

7.8. Specific assets under Electrical Installations related to the Terminal Building have been considered as aeronautical by AAI. The Authority had proposed to allocate these assets in the ratio of 92.3% to 7.7%.

7.9. Assets related to vehicles have been considered as aeronautical assets by AAI. The Authority had proposed to use the employee ratio of 96% (ratio of employees for aeronautical activities to total employees) for allocation of specific assets related to vehicles.

7.10. The asset allocation proposed by Authority is tabulated below:

Table 22 – Change in allocation of gross block of assets existing as on 01.04.2016 between aeronautical and non-aeronautical services proposed by the Authority

Sr. No.	Particulars	Aero Assets	Justification
1	Road, Bridges & Culverts	86.1%	Total assets are ₹ 7.6 crores out of which ₹ 6.5 crores are purely aeronautical assets. Car park related assets have been considered as non-aeronautical assets.
2	Building- Terminal	90.5%	Total assets are ₹ 69.1 crores out of which ₹ 3.5 crores are purely aeronautical assets and common assets are ₹ 65.6 crores. Common assets have been allocated based on 92.3% ratio as aeronautical assets.
3	Residential Building	97.3%	Total assets of ₹ 3.4 crores are common assets. Common assets have been allocated based on quarters ratio as aeronautical assets.



Sr. No.	Particulars	Aero Assets	Justification
4	Other Building – Unclassified	99.6%	Total assets are ₹ 12.5 crores out of which ₹ 11.7 crores are purely aeronautical assets and common assets are ₹ 0.7 crores. Common assets have been allocated based on 92.3% ratio and employee ratio as aeronautical assets.
5	Plant & Machinery	94.6%	Total assets are ₹ 9.7 crores out of which ₹ 4.4 crores are purely aeronautical assets and common assets are ₹ 5.3 crores. Common assets have been allocated based on 92.3% ratio as aeronautical assets.
6	Tools & Equipment	91.8%	Total assets are ₹ 4.0 crores out of which ₹ 0.7 crores are purely aeronautical assets and common assets are ₹ 3.3 crores. Common assets have been allocated based on 92.3% ratio as aeronautical assets.
7	Other Vehicles	99.6%	Total assets are ₹ 1.2 crores out of which ₹ 1.0 crores are purely aeronautical assets and common assets are ₹ 0.1 crores. Common assets have been allocated based on employee ratio as aeronautical assets.
8	Vehicle- Cars & Jeeps	98.9%	Total assets are ₹ 0.4 crores out of which ₹ 0.3 crores are purely aeronautical assets and common assets are ₹ 0.1 crores. Common assets have been allocated based on employee ratio as aeronautical assets.
9	Electrical Installations	98.9%	Total assets are ₹ 66.4 crores out of which ₹ 58.9 crores are purely aeronautical assets and common assets are ₹ 7.5 crores. Common assets have been allocated based on 92.3% ratio as aeronautical assets.
10	Office Equipment	75.6%	Total assets are ₹ 0.12 crores out of which ₹ 0.08 crores are purely aeronautical assets, ₹ 0.01 crores are purely non-aeronautical assets and common assets are ₹ 0.01 crores. Common assets have been allocated based on 92.3% ratio as aeronautical assets.
11	Furniture & Fixtures	96.8%	Total assets are ₹ 1.9 crores out of which ₹ 1.3 crores are purely aeronautical assets and common assets are ₹ 0.6 crores. Common assets have been allocated based on 92.3% ratio as aeronautical assets.

7.11. The cost of land has been excluded from the RAB of 2nd control period as in para 5.11.

Order no. 09/2017-18

30



7.12. The allocation of gross block of assets as on 01.04.2016 as considered by the Authority based on revised asset allocation and exclusion of land is given in the table below:

Table 23 – Allocation of gross block of assets as on 01.04.2016 between aeronautical and non-aeronautical services as considered by the Authority

Sr. No.	Assets	Aero Assets (₹ crore)	Total Assets (₹ crore)	% Aero
1	Land	0.0	0.0	-
2	Runways	117.2	117.2	100.0%
3	Aprons	24.7	24.7	100.0%
4	Road, Bridges & Culverts	6.5	7.6	86.1%
5	Building- Terminal	64.1	69.1	92.7%
6	Building - Temporary	0.0	0.0	100.0%
7	Building - Residential	3.3	3.4	97.3%
8	Security Fencing - Temporary	0.0	0.0	100.0%
9	Boundary Wall -Operational	2.8	2.8	100.0%
10	Other Building - Unclassified	12.4	12.5	99.7%
11	Computer & Peripherals	0.5	0.5	100.0%
12	Intangible Assets- Software	0.3	0.3	100.0%
13	Plant & Machinery	9.3	9.7	95.8%
14	Tools & Equipment	3.7	4.0	93.7%
15	Office Furniture	0.5	0.5	100.0%
16	Other Vehicles	1.2	1.2	99.6%
17	Vehicle- Cars & Jeeps	0.4	0.4	98.9%
18	Electrical Installations	65.8	66.4	99.1%
19	Other Office Equipment	0.1	0.1	75.9%
20	Furniture & Fixtures	1.8	1.9	97.5%
21	X-ray Baggage System	5.0	5.0	100.0%
22	CFT/Fire Fighting Equipment	21.3	21.3	100.0%
	Total	340.9	348.5	97.8%

Decision No. 4. Allocation of assets between Aeronautical and Non-aeronautical services

4.a The Authority decides to allocate assets as on 1st April 2016 between aeronautical and non-aeronautical assets as detailed in Table 23.



8. Opening Regulatory Asset Base for Second control period

8.1. Opening RAB for 2nd control period under Hybrid Till as per AAI submission dated 08.03.2017 is ₹ 97.8 crores

Table 24 - Calculation of opening RAB as on 1st April 2016 as per AAI submission – Hybrid Till

S. No.	Particulars	Amount (₹ crore)
1	Original Cost of Airport Aeronautical Assets excluding CNS/ATM related assets as on 01.04.2011	296.5
2	Aeronautical asset addition during the 1 st control period	70.4
3	Cost of Airport Aeronautical Assets [(1)+(2)] as on 01.04.2016	366.9
4	Accumulated Depreciation as on 01.04.2016	269.1
5	Opening RAB[(3)-(4)] as on 01.04.2016	97.8

8.2. The Authority had proposed to adopt depreciation rates as detailed earlier in para 5.7 for calculating RAB for 2nd control period.

8.3. The Authority had proposed the allocation of assets between aeronautical and non-aeronautical assets as detailed in Table 23.

8.4. Based on revised depreciation rates and revised asset allocation, the opening RAB for 2nd control period considered by the Authority under Hybrid Till is as per table below.

Table 25 - Calculation of opening RAB as on 1st April 2016 as per the Authority – Hybrid Till

S. No.	Particulars	Amount (₹ crore)
1	Original Cost of Airport Aeronautical Assets excluding CNS/ATM related assets as on 01.04.2011	271.3
2	Aeronautical asset addition during the 1 st control period	69.6
3	Cost of Airport Aeronautical Assets [(1)+(2)] as on 01.04.2016	340.9
4	Accumulated Depreciation as on 01.04.2016	221.2
5	Opening RAB[(3)-(4)] as on 01.04.2016	119.7

Decision No. 5. Opening Regulatory Asset Base for the 2nd control period

5.a. The Authority decides to consider the opening regulatory base for the 2nd control period under Hybrid Till as per Table 25.



9. Capital Expenditure for Second control period

9.1. AAI has forecasted aeronautical capital expenditure of ₹ 696.5 crores for the 2nd control period as shown below:

Table 26 – Aeronautical assets to be capitalized at CIA for 2nd control period as per AAI

S.N.	Particulars (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
1	Runways	0.0	50.9	0.0	0.0	0.0
2	Aprons	0.0	0.0	0.0	0.0	200.0
3	Road, Bridges & Culverts	0.9	0.0	50.0	0.0	0.0
4	Building- Terminal	0.0	0.0	82.8	0.0	276.9
5	Building - Residential	0.2	0.0	0.0	0.0	0.0
6	Other Building - Unclassified	6.1	0.0	9.7	0.0	0.0
7	Electrical Installations	18.9	0.0	0.0	0.0	0.0
	Total	26.2	50.9	142.6	0.0	476.9

9.2. AAI has submitted following details of the proposed capital works to be undertaken during the control period:

9.2.1. Resurfacing and strengthening of runway

The Resurfacing and strengthening of runway is a regular maintenance activity and is taken up periodically to remove the wear and tear of Runway surface due to regular aircraft operations. Due to ongoing operations, the work of resurfacing and strengthening of Runway needs to be carried out in the balance time by taking NOTAM, due to which the time period gets elongated.

The existing table top Runway 10-28 is having a dimension of 2860 m X 45 m. Runway resurfacing was earlier carried out in 2007-2009. During April 2014 Consultancy service for strengthening of existing Runway including planning distress evaluation, design and estimation at Calicut International airport was awarded to M/S Central Road Research Institute. Proposals for resurfacing total Runway with DBM, SDAC and DAC layers were recommended by M/S CRRI.

9.2.2. Construction of new international arrival block, internal modification of existing international passengers terminal building and associated works

The existing international terminal building was commissioned in July 2007 and the existing Domestic Terminal Building was modified and commissioned in



February 2008. Calicut Airport has witnessed unprecedented growth in International traffic due to which the existing facilities are getting congested in the Terminal Building. In order to improve the passenger areas, it was decided that new Arrival Block be constructed within the available land. Along with the new Arrival Block, the internal modifications of existing International Passengers Terminal Building is also proposed to streamline the passenger flow. The new Arrival Block will add 17,000 Sq.m area to the passenger Terminal Building and the International peak hour capacity will increase from 916 to 1,500 pax.

9.2.3. Construction of multi-level car park

As Calicut Airport is developed on a hill top, the land on city side is very limited. Within the limited land, the capacity also gets reduced due to sloping terrain. The old car park in front of ATC Tower cum Technical Block is at different levels. The other car park is located behind the Fire Station near AC Plant Room. There is an acute paucity of car parking space. Due to site conditions, a deep low lying area was created between the city side road and entry road from city. Due to lack of sufficient car parking space, it is found that vehicles are parked in front of terminal blocking the main exit road.

The Consultancy work for preparation of Feasibility Report and Transaction Advisory services to take a decision regarding construction of multi-level car park in front of Terminal Building has been awarded to M/s JLL (Jones Lang Lasalle Property Consultants India Pvt. Ltd.)

9.2.4. Construction of new terminal building, new apron, link taxi and associated facilities

As per DGCA CAR, the provision of 300m wide basic strip at licensed airports is mandatory. In order to comply with DGCA CAR provisions, AAI projected 137 acres of land to the State Govt. for development of New Terminal Building, Apron, Cargo Terminal and other associated facilities.

The New Integrated Terminal Building will have to be designed to handle peak hour capacity of 4,274 pax (3,634 Int'l + 640 Dom). The Terminal Building area



required would be 1,06,850 Sq.m as per IMG norms. The associated apron will be suitable to park 26 aircraft at any given time. Associated facilities such as car parking, A/C plant room, Elect. Sub Station, DG shed, Cargo terminal, city side development etc. shall be taken up on receipt of requested land. The land is yet to be handed over to AAI. The proposal is at planning stage.

Authority's Examination

- 9.3. The Authority requested AAI to submit the Capex to be incurred in FY 2016-17. In response to this, AAI vide submission dated 08.03.2017 provided the revised capital expenditure to be incurred in FY 2016-17 and 2nd control period. AAI had further in their submission dated 21.04.2017 updated the Capex for 2nd control period. The Authority had proposed to update the Capex in the 2nd control period based on the clarifications from AAI dated 21.04.2017.
- 9.4. The Authority noted that total capital expenditure for new terminal building and the new apron which is proposed to be capitalized in FY 2020-21 is ₹ 300 crores and ₹ 200 crores respectively. The Authority noted that the capital expenditure for new terminal building and new apron is tentative and hence had proposed to exclude the same for the tariff determination in the 2nd control period. In case AAI incurs the capital expenditure towards the new terminal building and new apron and capitalizes the same during the 2nd control period, it will be trued up while determining tariff for 3rd control period.
- 9.5. The Authority noted that AAI has included capital expenditure of ₹ 50 crores for construction of multilevel car park to be capitalized in FY 2018-19 while calculating RAB under Hybrid Till. As car park is a non-aeronautical service, the Authority had proposed not to consider the ₹ 50 crores as aeronautical capital expenditure towards construction of multilevel car park during the 2nd control period.
- 9.6. The Authority noted that AAI vide submission dated 08.03.2017 provided that aeronautical Capex towards construction of new international arrival block, internal modification of existing international passengers terminal building and associated works is ₹ 82.8 crores out of total project cost of ₹ 85.8 crores as given in the justification documents. AAI in their clarifications dated 21.04.2017 submitted that the aeronautical component of the said work is ₹ 78.6 crores allocated based on 92.3% to 7.7% terminal



building ratio. The Authority had proposed to consider the same for tariff determination.

Table 27 - Revised aeronautical capital expenditure for 2nd control period as considered by the Authority

S.N.	Particulars (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
1	Runways	28.4	0.0	0.0	0.0	0.0
2	Aprons	0.0	0.0	0.0	0.0	0.0
3	Road, Bridges & Culverts	0.9	0.0	0.0	0.0	0.0
4	Building- Terminal	0.0	0.0	78.6	0.0	0.0
5	Building – Residential	0.3	0.0	0.0	0.0	0.0
6	Other Building - Unclassified	6.2	0.0	10.0	0.0	0.0
7	Electrical Installations	21.0	7.9	0.0	0.0	0.0
	Total (₹ 153 crore)	56.7	7.9	88.6	0.0	0.0

9.7. The Authority had proposed to consider the total aeronautical capital expenditure to be capitalized and added to RAB at ₹ 153 crores.

9.8. The Authority noted that the cost of the planned works is indicative. The Authority had proposed to consider the addition to aeronautical assets during the 2nd control period as given in Table 27 subject to true-up of RAB based on actual aeronautical asset addition while determining tariffs for the 3rd control period.

9.9. The Authority expects AAI to provide all the required project information as part of the consultation process with users for projects where user consultation is required as per guidelines. AAI has submitted user consultation for construction of new international arrival building, infrastructure development of Calicut international airport (new terminal building) and strengthening and re-carpeting of runway.

Decision No. 6. Capital Expenditure

- 6.a. The Authority decides to consider allowable project cost of ₹ 153 crores and accordingly to reckon the amount of ₹ 153 crores as addition for total assets during the 2nd control period.
- 6.b. AAI should undertake user stakeholder consultation process for major Capex items as per the Guidelines.
- 6.c. The Authority decides to true-up the Opening RAB of the next control period depending on the Capex incurred and date of capitalisation of underlying assets in a given year.



10. Depreciation

10.1. AAI has submitted that the depreciation rates used are as per AAI's approved accounting policy. The salient aspects of AAI's depreciation policy being followed are as under:

10.1.1. Method of depreciation: straight line;

10.1.2. 100% of depreciation rates of assets if assets are used in a financial year for 180 days or more. If the assets are used for less than 180 days in a year the depreciation is charged at 50% of the depreciation rates. This policy is effective from the financial year 2012-13;

10.1.3. Residual value for each asset is taken as Re.1 balance to be provided by way of depreciation as per prescribed rates.

Authority's Examination

10.2. The Authority noted that the depreciation policy of AAI is not in accordance with the depreciation rates adopted by the Authority in other private airports. AAI is a statutory body established under the AAI Act and it does not come under the Companies Act. The Board of AAI has approved the depreciation policy that has been adopted by AAI.

10.3. The Authority noted that on some of the assets the depreciation charged by AAI is not in line with the Companies Act 2013. The Authority is of the view that adoption of depreciation rates as prescribed under the Companies Act at any point of time is appropriate, considering the variation in policies adopted by the airport operators. The Authority further noted that there is no specific mention of the classes of assets viz. apron, taxiway and runway in the Companies Act 2013 or 1956 or in the Income Tax Act 1961.

10.4. In this regard, the Authority has separately commissioned a study to determine appropriate depreciation rates for regulation of airports in line with the provisions of the Companies Act 2013. The Authority had proposed to consider the recommendations of the study on depreciation and finalize the depreciation rates in consultation with the stakeholders. It shall make necessary adjustments in RAB and true up of depreciation while considering tariff determination in future.

10.5. In light of above, for the categories of assets (runway, taxiway and apron) where no



specific depreciation rate/ useful life has been mentioned in the Companies Act, the Authority had proposed to adopt depreciation rate of 3.33%. This rate is proposed to be applied on runway, taxiway and apron assets existing as on 01.04.2011 and on these assets added during 1st and 2nd control period.

10.6. The Authority had proposed to adopt the depreciation rates mentioned under Companies Act for assets as per the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014.

10.7. The Authority had proposed that for the new assets to be capitalized in the 2nd control period, depreciation is charged at 50% of the depreciation rates in the year of capitalization.

10.8. The depreciation rates as submitted by AAI and as considered by the Authority during the 1st and 2nd control period are given below:

Table 28 - Depreciation rates as submitted by AAI and as considered by the Authority

No.	Asset Class	As per AAI	As per Authority till FY 2014	As per Authority FY2015 onwards
1	Land	0%	0%	0%
2	Runways	13.00%	3.33%	3.33%
3	Aprons	13.00%	3.33%	3.33%
4	Road, bridges & culverts	13.00%	1.63%	3.33%
5	Building- Terminal	8.00%	1.63%	3.33%
6	Building - Temporary	100%	100%	33%
7	Building - Residential	5.00%	1.63%	3.33%
8	Security Fencing - Temporary	100%	100%	33%
9	Boundary Wall -Operational	8.00%	1.63%	3.33%
10	Other Building - Unclassified	8.00%	1.63%	3.33%
11	Computer & Peripherals	20.00%	16.21%	16.67%
12	Intangible Assets- Software	20.00%	20%	20.00%
13	Plant & Machinery	11.00%	4.75%	6.67%
14	Tools & equipment	20.00%	4.75%	6.67%
15	Office furniture	20.00%	6.33%	10.00%
16	Other vehicles	14.00%	9.50%	12.50%
17	Vehicle- Cars & Jeeps	14.00%	9.50%	12.50%
18	Electrical installations	11.00%	4.75%	10.00%
19	Other office equipment	18.00%	4.75%	20.00%



No.	Asset Class	As per AAI	As per Authority till FY 2014	As per Authority FY2015 onwards
20	Furniture & Fixtures	20.00%	6.33%	10.00%
21	X-ray baggage System	11.00%	4.75%	6.67%
22	CFT/Fire Fighting equipment	13.00%	4.75%	6.67%

10.9. The revised depreciation for the 2nd control period as per Hybrid Till as proposed by the Authority is given below:

Table 29 - Authority's consideration on depreciation for the 2nd control period – Hybrid Till

No.	Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
1	As per AAI	19.6	23.8	36.0	32.1	78.4	189.9
2	As per Authority	13.6	14.7	14.5	15.0	14.1	71.9

Decision No. 7. Treatment of Depreciation

- 7.a. The Authority decides to adopt depreciation rates as per Table 28 and depreciation for the 2nd control period as per Table 29.
- 7.b. The Authority decides to consider the recommendations of the study on depreciation and finalize the depreciation rates in consultation with the stakeholders. It shall make necessary adjustments in RAB and true up of depreciation while considering tariff determination in future.

भा.वि.आ.वि.प्रा.
AERA



11. RAB for Second control period

11.1. AAI has submitted RAB for 2nd control period under Hybrid Till as follows:

Table 30 - Summary of the RAB and Depreciation for CIA (Airport Services) as per AAI for the 2nd control period

	Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
A	Opening Aeronautical RAB	97.8	104.4	131.5	238.1	206.0
B	Aeronautical Additional Assets capitalized during the year	26.2	50.9	142.6	0.0	476.9
C	Disposals/Transfers	-	-	-	-	-
D	Depreciation	19.6	23.8	36.0	32.1	78.4
E	Closing Aeronautical RAB (A+B-C-D)	104.4	131.5	238.1	206.0	604.4
	Average RAB (A+E)/2	101.1	117.9	184.8	222.0	405.2

Authority's Examination

11.2. The Authority had proposed to adopt opening RAB for FY 2016-17 as detailed in Table 25.

11.3. The Authority had proposed to adopt depreciation as proposed in Table 29.

11.4. The Authority had proposed ₹ 153 crores as the addition of aeronautical assets to RAB as detailed in Table 27.

11.5. The revised RAB as calculated by the Authority for 2nd control period under Hybrid Till is as follows:

Table 31 - Summary of forecast and Roll forward RAB and Depreciation for CIA (Airport Services) considered by the Authority for 2nd control period – Hybrid Till

	Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
A	Opening Aeronautical RAB	119.7	162.9	156.1	230.2	215.2
B	Aeronautical Assets capitalized during the year	56.7	7.9	88.6	0.0	0.0
C	Disposals/Transfers	0.0	0.0	0.0	0.0	0.0
D	Depreciation	13.6	14.7	14.5	15.0	14.1
E	Closing Aeronautical RAB (A+B-C-D)	162.9	156.1	230.2	215.2	201.1
	Average RAB (A+E)/2	141.3	159.5	193.2	222.7	208.1

11.6. The Authority had proposed to true up the RAB of 2nd control period based on actual



asset addition and revised depreciation rates, at the time of determination of tariff for the 3rd control period.

Decision No. 8. RAB for 2nd control period

8.a. The Authority decides to consider RAB for 2nd control period as given in Table 31

8.b. The Authority decides to true up the RAB of 2nd control period based on actual asset addition and revised depreciation rates based on the outcome of the study commissioned by the Authority, at the time of determination of tariff for the 3rd control period.

(सि.र.व.)



भा.वि.आ.वि.प्रा.

AERA

12. Cost of Equity, Cost of Debt, Gearing, and Fair Rate of Return (FRoR)

12.1. AAI has considered Fair Rate of Return (FRoR) as 14% at par with the decision taken by the Authority in Chennai, Kolkata Guwahati and Lucknow Airports for the 1st control period.

12.2. AAI has not apportioned any debt for CIA and financing activities are undertaken centrally at the corporate office of AAI. Due to lack of any debt on CIA's books, FRoR is determined based on capital structure of AAI as a whole.

Authority's Examination

12.3. The Authority has recognised that AAI's capital structure may not be regarded as an efficient one in that it doesn't optimize the cost of funds from a regulatory perspective. The Authority desires that the FRoR allowed to AAI should come down over a period of time by optimizing capital gearing. The Authority may also consider a normative capital structure to determine the FRoR at a later date. It may not be reasonable to expect AAI to contract large amounts of debt over a short period of time.

12.4. The Authority noted that as per a study conducted in respect of the 'Fair Rate of Return Estimation for AAI' in July 2011 it estimated a figure of 14.96% as Fair Rate of Return for AAI. The Authority noted that it has considered FRoR at 14% for Chennai and Kolkata airport in the 1st control period considering the recommendations of another study done by NIPFP. Based on the decision taken for Chennai and Kolkata airport, the Authority considered FRoR at 14% for Guwahati and Lucknow airport for 1st control period.

12.5. Based on the material before it and its analysis, the Authority proposed the following:

12.5.1. To consider the FRoR at 14% for CIA for the 1st and 2nd control period.

12.5.2. To undertake a study to determine FRoR for major AAI airports given the low debt structure of AAI as a whole.

Stakeholders' comments and Authority's observations

Comments from FIA

12.6. The Authority proposes to consider FRoR at the rate of 14%. Cost of equity at 14% pa for State is unreasonable and without any justification. AAI being a State Undertaking is under the Constitutional obligation to cater the public interest and not commercial



interest. Therefore, cost of equity of 14% pa is very high and are arbitrary.

AAI's submission to FIA comments

12.7. AAI stated that AERA allows 16% rate of return on cost of equity. For AAI's major airports, AERA has allowed 14% rate of return in line with Kolkata, Chennai, Lucknow, Guwahati Airport order of First Control period.

Authority's examination of FIA's comments and AAI's submissions on FIA's comments

12.8. The Authority has given careful consideration to the comments from FIA on the FRoR and the response of AAI to FIA's comments. The Authority had proposed to undertake a study to determine FRoR for major AAI airports given the low debt structure of AAI as a whole.

Decision No. 9. FRoR

- 9.a. The Authority decides to consider the FRoR at 14% for CIA for the 1st and 2nd control period.
- 9.b. The Authority will undertake a study to determine FRoR for major AAI airports given the low debt structure of AAI as a whole.

(सि-एन)

भा.वि.आ.वि.प्रा.

AERA



13. Revenue from services other than aeronautical services

13.1. AAI has forecasted revenue from services other than aeronautical services as below:

Table 32 - Revenue from Non-aeronautical Services – Projected by AAI for 2nd control period

No.	Revenue from services other than Regulated Services (₹ crore)	2015-16 (base)	2016-17	2017-18	2018-19	2019-20	2020-21
1	Restaurant & Snack Bar	1.6	1.8	2.1	2.4	2.7	3.2
2	Stalls	1.0	1.1	1.3	1.5	1.7	2.0
3	Duty Free Shops	11.9	13.6	15.5	17.7	20.2	24.2
4	Advertisement	1.7	1.9	2.1	2.3	2.5	3.0
5	Land Rent	1.5	1.6	1.8	1.9	2.0	2.2
6	Space Rent	13.6	14.9	16.4	18.0	19.9	23.8
7	Airport Admission Ticket	1.1	1.2	1.3	1.4	1.6	1.9
8	Car Parking	1.7	1.9	2.0	2.2	2.5	3.0
9	Miscellaneous Income (including cargo handling)	3.3	3.6	3.9	4.3	4.8	5.7
10	Interest from Staff Advances and other Incomes	0.4	0.4	0.4	0.5	0.5	0.6
11	Profit on sale of fixed asset	0.0	-	-	-	-	-
	Total	37.7	42.0	46.8	52.2	58.2	69.5

13.2. The growth rates assumed by AAI for forecasting non aeronautical revenues are given below:

Table 33 – Assumption (growth rates) for Service other than Regulated Services for the 2nd Control Period as per AAI

No.	Particular	2016-17	2017-18	2018-19	2019-20	2020-21
1	Restaurant & Snack bar	14%	14%	14%	14%	20%
2	Stalls	14%	14%	14%	14%	20%
3	Duty Free Shops	14%	14%	14%	14%	20%
4	Advertisement	10%	10%	10%	10%	20%
5	Land Rent	7.5%	7.5%	7.5%	7.5%	7.5%
6	Space Rent	10%	10%	10%	10%	20%
7	Airport Admission Ticket	10%	10%	10%	10%	20%
8	Car Parking	10%	10%	10%	10%	20%
9	Miscellaneous Income (including cargo handling)	10%	10%	10%	10%	20%
10	Interest from Staff Advances and other Incomes	10%	10%	10%	10%	10%



Authority's Examination

13.3. The Authority noted that as part of the clarifications provided dated 21.04.2017, AAI has revised the growth rates to 10% for revenues from services other than regulated services except for land lease revenues. AAI further submitted on 06.06.2017 that the growth rate for Restaurant & Snack Bar, Stalls and Building Space Rent for FY 2018-19 would be 11% due to appointment of master concessionaire in FY 2018-19 and commissioning of the new international arrival block in FY 2018-19. The Authority had proposed to consider the revised growth rates as submitted by AAI vide letters dated 21.04.2017 and 06.06.2017 for the determination of tariff for the 2nd control period.

13.4. AAI clarified that the Terminal building will come up in second half of FY 2020-21. Due to above reason non aeronautical revenues have been increased with previous year growth rate in the FY 2020-21. The impact due to new terminal building on non-aeronautical revenues will be reflected in 3rd control period.

13.5. The Authority had proposed that non-aeronautical revenues will be trued up if it is higher than the projected revenues. In case there is a shortfall, true-up would be undertaken only if the Authority is satisfied that there are reasonably sufficient grounds for not realizing the projected revenues. The Authority had proposed to accept the revenues from services other than regulated services as submitted by AAI except for adjustments as detailed below.

Adjustment of revenues from cargo, ground handling and fuel services

13.6. AAI has allotted following land to ground handling and fuel companies for their operations. AAI has considered income from such land lease as non-aeronautical revenues

Table 34 – Details of land allotted to ground handling and supply of fuel service providers in 2nd control period

Service	Service Provider	Land Allocated (Sq.m)	Land Lease revenues (FY 2015-16) ₹ crore
Ground Handling	Bhadra International	2,000	0.33
Ground Handling	Airworks Engg. India Pvt. Ltd.	42	0.01
Supply of Fuel to Aircraft	HPCI	3,800	0.47



Service	Service Provider	Land Allocated (Sq.m)	Land Lease revenues (FY 2015-16) ₹ crore
Supply of Fuel to Aircraft	IOCL	3,500	

13.7. The Authority noted that land lease revenues from ground handling agencies is reduced in FY 2016-17 as GHA has surrendered 1,000 Sq.m. land (out of total 3,000 Sq.m.) back to AAI on 08.05.2016.

13.8. AAI has allotted some space in terminal building to ground handling agencies and the rent received for the space allotted is considered by AAI as non-aeronautical revenues. AAI has received ₹ 0.25 crores from the space rent from ground handling agencies in FY 2015-16.

13.9. The Authority also noted that the revenue share from KSIE Ltd for cargo operations is considered as non-aeronautical revenues by AAI. AAI has earned ₹ 0.66 crores from revenue share from KSIE Ltd in FY 2015-16.

13.10. As per the provisions of the AERA Act, services rendered in respect of cargo, ground handling and fuel supply are aeronautical services.

13.11. The Authority noted that AAI in their submission dated 08.03.2016 have increased land lease rentals from cargo, ground handling agencies and oil companies by 7.5% per annum from FY 2017-18 onwards and had proposed to accept the same. The Authority noted that AAI has increased rent revenues from building non-residential for GH agencies by 10% from FY 2017-18 onwards and had proposed to accept the same. The Authority also noted that AAI has increased revenue share from cargo by 10% and had proposed to accept the same.

13.12. The Authority had proposed to consider land lease revenues, building non-residential rent revenues and revenue share on account of the aeronautical services of cargo, ground handling and fuel services as aeronautical revenue.

Adjustment of commissioning of new terminal

13.13. The Authority noted that the new terminal is expected to be commissioned in the last tariff year of the 2nd control period. AAI has submitted that commercial contracts for the integrated terminal are expected to be awarded in the 3rd control period and has



thus not included corresponding revenues in 2nd control period.

13.14. The Authority expects AAI to utilize its resources better and maximize its non-aeronautical revenue to keep the aeronautical tariff down.

13.15. The Authority had proposed to consider non-aeronautical revenues as given below:

Table 35 – Adjustment to Revenue from Non-aeronautical Services considered by Authority for 2nd control period

Revenue from services other than Regulated Services (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Non-Aeronautical Revenues as per AAI (A)	42.0	46.8	52.2	58.2	69.5
Adjustment:					
Change in Revenue from cargo, ground handling and fuel services considered as aeronautical revenues (B) and change due to revision of growth rates	2.4	3.3	4.2	5.5	11.5
Non-Aeronautical Revenues as per Authority (A-B)	39.5	43.5	48.0	52.8	58.0

13.16. Based on the material before it and its analysis, the Authority proposed the following:

13.16.1. To consider the revenues accruing to AAI on account of the aeronautical services of Cargo facility, Ground Handling Services and Supply of fuel to aircraft (FTC) including land lease rentals and building rent from these activities as aeronautical revenue.

13.16.2. To consider the Non Aeronautical Revenue as per Table 35

13.16.3. To true-up non-aeronautical revenues if it is higher than the projected revenues. In case there is a shortfall, true-up would be undertaken only if the Authority is satisfied that there are reasonably sufficient grounds for not realizing the projected revenues

Stakeholders' comments and Authority's observations

Comments from MIAL

13.17. In response to the Authority's proposal to consider revenues from cargo, ground handling and supply of fuel to aircraft (FTC) including land lease rentals and building rent from these activities as aeronautical, MIAL has submitted as follows:

The Authority has proposed to consider following revenues in the hands of AAI as



aeronautical revenues:

- i) Rental income from land leased to CGF service providers
- ii) Rental income from non-residential building given to CGF service providers

In this connection we wish to state that the nature of revenues in the hands of airport operator has to be decided based on services provided by it and not by any third party (CGF service providers). When the airport operator gives its land or space for lease/ license, it does not provide any service at all leave alone any aeronautical service. It is completely irrelevant as to for what purpose underlying land/ space is /will be utilized by the third party (CGF service provider) while determining nature of revenues in the hands of lessor or licensor (airport operator).

It is already well settled position across the world that rental income from leasing/ licensing of land/ space in the hands of airport operators is to be treated as non-aeronautical irrespective of the services provided by the lessee/ licensee of the land/ space. We wish to draw attention of the Authority to the following:

a) ICAO clearly considers rentals as separate non-aeronautical revenues. Reference from documents issued by ICAO are as under:

i) ICAO's Policies on charges for Airports and Air Navigation Services – Doc 9082; defines Revenues from Non-Aeronautical sources as under:

"Any revenues received by an airport in consideration for the various commercial arrangements it makes in relation to the granting of concessions, the rental or leasing of premises and land, and "free-zone" operations, even though such arrangements may in fact apply to activities that may themselves be considered to be of an aeronautical character (for example, concessions granted to oil companies to supply aviation fuel and lubricants and the rental of terminal building space or premises to aircraft operators). Also intended to be included are the gross revenues, less any sales tax or other taxes, earned by shops or services operated by the airport itself."

ii) ICAO's Airport Economics Manual – Doc 9562; defines Rentals as under:

"Rentals – Rentals payable by commercial enterprises and other entities for the use of airport-owned building space, land or equipment. Such rentals should include



those payable by aircraft operators for airport-owned premises and facilities (e.g. check-in counters, sales counters and administrative offices) other than those already covered under “air traffic operations” above.

“Para 5.11 – With respect to rentals, in addition to the rental of premises for merchandising purposes, office space in terminal buildings, if available, can be leased. The main lessees would normally be airlines and government agencies. Rentals of hangars, workshops and warehouses (other than bonded warehouses) by the airport tend to be less common, as they are often owned by other entities although usually constructed on land leases from the airport.”

Going by the proposal of the Authority, if a person leases out his property to a medical professional who practices in the said property, the income in the hands of that person would assume the colour of the profession carried out in said property and would be assessed as income from business profession instead of income from house property in the hands of the lessor. Clearly such lease rental income cannot assume colour of the service rendered by the medical professional.

c) Authority’s this proposal is against its own decisions in various other Orders for determination of aeronautical tariffs wherein it has consistently treated such incomes as non-aeronautical in the hands of the airport operators.

This clearly shows that approach adopted by the Authority is completely flawed and at variance from established ICAO principles and policies. We request Authority not to consider such rental incomes as aeronautical in the hands of the airport operator.

AAI’s submission to MIAL’s comments

13.18. AAI agrees with views expressed by GVK (MIAL) with respect to the treatment of rental income / land lease of Oil Companies & GHA while determining the tariff of Calicut, Jaipur and Trivandrum Airport MYTP.

Authority’s examination of MIAL’s comments and AAI’s submission to MIAL’s comments

13.19. The Authority has noted MIAL’s comments that the CGF services should not be considered as Aeronautical Revenue. The Authority notes that the AERA Act defines CGF services as aeronautical services. The Authority decides to consider the CGF services as Aeronautical Services and to consider the revenue earned by the Airport Operator,



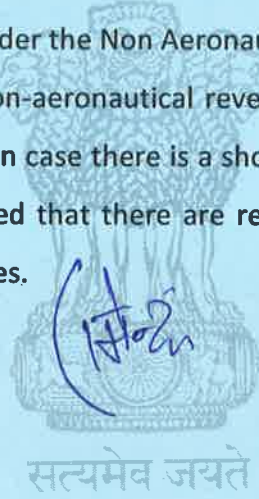
whether by directly rendering the service or through Third Party concessionaires either as a revenue share or in any other form, be treated as Aeronautical Revenues.

Decision No. 10. Non Aeronautical Revenues

10.a. The Authority decides to consider the revenues accruing to AAI on account of the aeronautical services of Cargo facility, Ground Handling Services and Supply of fuel to aircraft (FTC) including land lease rentals and building rent from these activities as aeronautical revenue.

10.b. The Authority decides to consider the Non Aeronautical Revenue as per Table 35

10.c. The Authority decides that non-aeronautical revenues will be trued up if it is higher than the projected revenues. In case there is a shortfall, true-up would be undertaken only if the Authority is satisfied that there are reasonably sufficient grounds for not realizing the projected revenues.



भा. वि. आ. वि. प्रा.

AFRA



14. Operation and Maintenance Expenditure

14.1. Operation and Maintenance (O&M) expenditure submitted by AAI is segregated into:

- (i) Payroll expenses; (ii) Admin and General Expenditure; (iii) Repair and Maintenance Expenditure; (iv) Utilities and Outsourcing Expenditure; and (v) Other Outflows

14.2. Summary of aeronautical expenses proposed by AAI for 2nd control period is as below:

Table 36 - Summary of Aeronautical O&M expenditure as submitted by AAI for 2nd control period on Hybrid Till

No.	Particulars (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
1	Pay roll Expenditure of CIA	20.8	29.1	31.6	34.4	37.4
2	Expenditure for CIA employees' retirement benefits allocated at CHQ	4.6	4.8	5.0	5.3	5.5
A	Total Pay roll Expenditure (1+2)	25.3	33.9	36.6	39.7	43.0
3	Administrative and General Expenditure	3.9	4.3	4.7	5.2	5.7
4	Apportionment of administration & General expenditure of CHQ/RHQ	11.8	12.3	13.0	13.6	14.3
B	Total Administration & General Expenditure(3+4)	15.7	16.7	17.7	18.8	20.0
C	Repairs and Maintenance Expenditure (Total)	7.9	8.6	9.5	10.5	11.5
5	Power Charges	7.0	7.0	7.0	7.0	7.0
6	Water Charges	0.0	0.0	0.0	0.0	0.0
D	Utility and Outsourcing Expenditure (5+6)	7.0	7.0	7.0	7.0	7.0
E	Other Outflows	0.1	0.1	0.2	0.2	0.2
	Total (A+B+C+D+E)	56.0	66.3	71.0	76.1	81.6

14.3. The details of the assumptions made by AAI for O&M Expenditure are given below:

Table 37 – Assumptions made by AAI for each item of O&M expenditure

No.	Particular	2016-17	2017-18	2018-19	2019-20	2020-21
1	Payroll Expenses					
	Salaries and Wages	9%	40%	9%	9%	9%
	PF contribution	9%	40%	9%	9%	9%
	Fringe benefits including perks & medical expenses	9%	40%	9%	9%	9%
	Overtime	5%	40%	5%	5%	5%



No.	Particular	2016-17	2017-18	2018-19	2019-20	2020-21
	Allocation of Retirement Benefit provided at CHQ in r/o CIA Employees	5%	5%	5%	5%	5%
2	R&M Expenses	10%	10%	10%	10%	10%
3	Utility and outsourcing Expenditure					
	Power & Water charges	0%	0%	0%	0%	0%
4	Administration and General Expenditure					
	Admin & General Expenses	10%	10%	10%	10%	10%
	Other fees like Aerodrome licensing	0%	0%	0%	0%	0%
	Interest & Solatium on land acquisition	5%	5%	5%	5%	5%
	Apportionment of CHQ/RHQ Expenses	5%	5%	5%	5%	5%
5	Other Outflows					
	Collection charges on PSF	5%	7%	7%	7%	7%

* Higher growth rate for increase in Payroll costs in FY 2017-18 is due to 7th Pay Commission revision

14.4. AAI has segregated total O&M expenditure for the 2nd control period into aeronautical expenses, non-aeronautical expenses, and common expenses. Common expenses in turn have been allocated between aeronautical and non-aeronautical services.

14.5. Expense allocation as submitted by AAI for 2nd control period is tabulated below:

Table 38 – O&M Expense allocation as submitted by AAI

Sr. No.	Particulars	Aero Expense	Non-Aero Expense
1	Payroll Expenses - Non-CHQ	96%	4%
2	Payroll Retirement benefit expenses Apportionment – CHQ	100%	0%
3	Admin and General Expenses – Non CHQ	96%	4%
4	Admin and General overheads Expenses Apportionment – CHQ/RHQ	100%	0%
5	R&M Expenses	96%	4%
6	Utility and Outsourcing Charges	99%	1%
7	Other Outflows	100%	0%
	Total	98%	2%

Authority's Examination

14.6. The Authority considered the operating expenses and their projections submitted by AAI and noted the following.

Forecasting of payroll expenses

14.6.1. The Authority noted that payroll costs components – Salaries and Wages, Fringe Benefits, including perks & medical expenditure and PF contribution



have been increased by AAI at the growth rate of 9% annually for 2nd control period except for FY 2017-18. These growth rates appear to be on a higher side. The Authority had proposed growth rate of 7% for the above payroll components.

14.6.2. The Authority noted that expenditure on apportionment of retirement benefits provided to CHQ in respect of CIA employees is increased at 5% annually for 2nd control period which is different from the 7% for the above mentioned payroll components. The Authority had proposed to apply the same growth rate of 7% annually except for FY 2017-18 for expenditure on apportionment of retirement benefits provided to CHQ in respect of CIA employees (as per discussion with AAI).

14.6.3. The Authority has in particular noted that an increase of 40% has been projected in the pay roll expenditure in FY 2017-18 due to tentative increase in salary and wages on account of wage revision. The Authority noted that Public Sector Undertakings are covered under separate wage revision mechanism. Moreover, the Authority is of the view that as on date there is no actual evidence for the said outflow in FY 2017-18 and hence had proposed to true up the expenditure in the 3rd control period. In view of above, an increase of 25% is proposed for projection of the pay roll expenditure for FY 2017-18 in line with the order issued for Trivandrum for the 2nd control period.

14.6.4. AAI has submitted apportionment of CHQ/RHQ expenses on revenue basis for Calicut airport. The Authority had proposed to adopt CHQ/RHQ overheads apportionment for the 2nd control period based on actual revenue basis data provided by AAI. The Authority had proposed to increase CHQ/RHQ overheads apportionment costs (admin & general expenditure of CHQ/RHQ) by 5% per annum for the 2nd control period as submitted by AAI.

Segregation of aeronautical expenses

14.7. The Authority noted that the Payroll Costs in the operational expenditure have been allocated using percentage of employees for aeronautical services to total employees which is 96%. To account for common service employees handling both aeronautical and



non-aeronautical activities, the Authority had proposed to use ratio of 95% to 5% for allocation of payroll costs.

14.8. The Authority noted that apportionment of retirement benefits provided in CHQ in respect of Calicut airport and apportionment of admin CHQ/RHQ expenses have been considered as 100% aeronautical expenses. The Authority had proposed to use the ratio of 92.3% to 7.7% for apportionment of admin CHQ/ RHQ expenses and the ratio of 95% to 5% for apportionment of retirements benefits provided at CHQ.

14.9. The Authority noted that the expenses related to vehicles such as R&M – Vehicles and Consumption of petrol/ lubricants etc. have been considered 100% aeronautical expense. The Authority had proposed to allocate aforementioned expenses using employee ratio into aeronautical and non-aeronautical expenses.

14.10. Terminal Area ratio for calculation of aeronautical assets is proposed as 92.3%. This ratio has been applied to specific expenses in R&M – Civil, R&M – Equipment and Furniture and Conservancy Charges/ Cleaning Contracts.

Correction in projection

14.11. The Authority has carried out minor revision in the operational expenditure pertaining to R&M communication equipment for FY 2015-16 after consultation with AAI.

14.12. The O&M expenditure for FY2015-16 which includes both aeronautical and non-aeronautical expense is given in the table below:

Table 39 – Total O&M expenditure for FY 2015-16 as proposed by the Authority

No.	Particulars (₹ crore)	2015-16
1	Pay roll Expenditure of CIA	19.8
2	Expenditure for CIA employees' retirement benefits allocated at CHQ	4.3
A	Total Pay roll Expenditure (1+2)	24.1
3	Administrative and General Expenditure	3.8
4	Apportionment of administration & General expenditure of CHQ/RHQ	11.2
B	Total Administration & General Expenditure(3+4)	15.0
C	Repairs and Maintenance Expenditure (Total)	7.4
5	Power Charges	7.0
6	Water Charges	0.0
D	Utility and Outsourcing Expenditure (5+6)	7.0



No.	Particulars (₹ crore)	2015-16
E	Other Outflows	0.1
	Total (A+B+C+D+E)	53.7

14.13. Expense allocation proposed to be considered by the Authority after above changes for 2nd control period is tabulated below:

Table 40 – Expense allocation between aeronautical and non-aeronautical services proposed by the Authority

Sr. No.	Particulars	Aero Expense	Non-Aero Expense
1	Payroll Expenses - Non-CHQ	95%	5%
2	Payroll Retirement benefit expenses Apportionment – CHQ	95%	5%
3	Admin and General Expenses – Non CHQ	96%	4%
4	Admin and General overheads Expenses Apportionment – CHQ/RHQ	92%	8%
5	R&M Expenses	96%	4%
6	Utility and Outsourcing Charges	99%	1%
7	Other Outflows	100%	0%
	Total	95%	5%

14.14. In view of above, the O&M expenditure is reworked for the purpose of determination of aeronautical tariffs for the 2nd control period under Hybrid Till and given in table below.

Table 41 - Summary of Aeronautical O&M expenditure as per the Authority for the 2nd control period as per Hybrid Till

No.	Particulars (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
1	Pay roll Expenditure of CIA	20.1	25.1	26.9	28.7	30.7
2	Expenditure for CIA employees' retirement benefits allocated at CHQ	4.4	4.7	5.0	5.4	5.8
A	Total Pay roll Expenditure (1+2)	24.5	29.9	31.9	34.1	36.5
3	Administrative and General Expenditure	3.9	4.3	4.7	5.1	5.6
4	Apportionment of administration & General expenditure of CHQ/RHQ	10.9	11.4	12.0	12.6	13.2
B	Total Administration & General Expenditure(3+4)	14.8	15.7	16.7	17.7	18.8
C	Repairs and Maintenance Expenditure (Total)	7.8	8.6	9.5	10.4	11.5



No.	Particulars (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
5	Power Charges	7.0	7.0	7.0	7.0	7.0
6	Water Charges	0.0	0.0	0.0	0.0	0.0
D	Utility and Outsourcing Expenditure (5+6)	7.0	7.0	7.0	7.0	7.0
E	Other Outflows	0.1	0.1	0.2	0.2	0.2
	Total (A+B+C+D+E)	54.3	61.3	65.2	69.4	73.9

14.15. It appears that O&M expenditure at CIA is on higher side and expects AAI to reduce the O&M expenditure over a period of time.

14.16. Based on the material before it and its analysis, the Authority proposed the following:

14.16.1. To consider the operational and maintenance expenditure as given in Table 41 above, for the purpose of determination of aeronautical tariffs for the 2nd control period.

14.16.2. That AAI should endeavour to reduce O&M expenditure over a period of time.

14.16.3. To true up the O&M expenditure for FY 2016-17 to FY 2020-21 of the 2nd control period based on the actuals at the time of determination of tariffs for the 3rd control period.

Stakeholders' comments and Authority's observations

AAI's comments

14.17. As per last pay revision effective from F.Y. 2007-08, there was approx. increase of 50% in salary and wages expenditure. Hence, AERA may consider the increase of 35% as projected.

14.18. The actual amount of retirement benefits for Non Aero employees can be calculated & deducted from the Retirement benefits appearing in the Form 11(b) under the head retirement benefits of Calicut employees. Considering 5% as Non Aero portion towards retirement benefits is considered to be on higher side when the actual salary expenses for Non-Aero staff is 3%. Similarly the same ratio can be used to calculate the Non-Aero portion for CHQ/RHQ overhead expenditure. Hence AERA may consider ratio as per actual.

. Authority's examination of AAI's comments

14.19. The Authority has noted the comment of AAI on the growth rate of 25% for FY 2017-18 for payroll costs. Salaries at AAI are revised every 10 years and during the first year of revision, the increase in salary cost is in the range of 25% to 30%. During the last pay revision, the increase was 50% in the first year but the Authority has considered 25% increase in the current proposal.

14.20. The Authority has noted the comments from AAI on the employee ratio used for allocation of the employee costs. The Authority has examined the employee details submitted by AAI and is satisfied that the ratio of 95% to 5% is reasonable. Similarly, the CHQ/RHQ overheads expenses apportioned to Calicut have been allocated to aeronautical and non-aeronautical component based on 90%:10% ratio to account for non-aeronautical area in the terminal which is consistent with ratio applied to allocate terminal related assets.

Decision No. 11. Operation and Maintenance expenditure

11.a. The Authority decides to consider the operational and maintenance expenditure as given in Table 41 above, for the purpose of determination of aeronautical tariffs for the 2nd control period.

11.b. The Authority expects AAI to reduce O&M expenditure over a period of time.

11.c. The Authority decides to true up the O&M expenditure for 2016-17 to 2020-21 of the 2nd control period based on the actuals at the time of determination of tariffs for the 3rd control period.

(1st 2)

AERA



15. Taxation

15.1. AAI has submitted tax calculations using provisional tax rate of 34.60% for the 2nd control period. AAI had calculated the tax considering depreciation rates applicable under Income Tax laws.

Authority's Examination

Adjustment for 30% of non-aeronautical revenues

15.2. AAI vide their submissions dated 08.03.2017 calculated tax for aeronautical services under Hybrid Till taking into account 30% of revenues from services other than regulated services as part of total revenues. As per MIAL Order No. 32/2012-13 (Decision No. XV), the Authority had decided to consider corporate tax pertaining to earnings from aeronautical services under Shared Till. Therefore, the Authority had proposed to exclude non-aeronautical component from revenues considered while determining tax for aeronautical services.

Adjustment of aeronautical Capex

15.3. The Authority had proposed to consider aeronautical capital expenditure of ₹ 153 crores as given in Table 27 while calculating depreciation as per IT Act

Adjustment of O&M Expenses

15.4. The Authority had proposed to consider O&M expenses as given in Table 41.

Adjustment of aeronautical revenues on account of CGF lease and rent correction

15.5. The Authority had proposed to modify total aeronautical revenues considering lease rentals from CGF as aeronautical as mentioned in para 13.10.

Continuation of existing tariffs in FY 2016-17 and revision of tariffs from FY18 onwards

15.6. The Authority had proposed to consider existing tariffs up to 01.09.2017

15.7. The Authority had proposed to revise the tariffs as per Table 47 which will be applicable from 01.09.2017 onwards.

Revised Tax as considered by the Authority

15.8. The amount of tax as per submission of AAI and that arrived by the Authority after considering the above mentioned changes is given below:

Table 42 - Amount of Tax for aeronautical services as per AAI submission and as calculated



by the Authority for the 2nd control period - Hybrid Till

Income Tax (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
As per AAI	0.0	24.7	25.1	31.6	21.8	103.2
As per Authority	0.0	0.0	8.5	10.4	14.2	33.1

15.9. The detailed calculation of tax for aeronautical service by the Authority is given in table below:

Table 43 - Amount of Tax for aeronautical services as calculated by the Authority for the 2nd control period - Hybrid Till

Particular (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Aeronautical Revenues	45.5	77.1	108.8	120.5	133.5
Aeronautical O&M (excluding CHQ/ RHQ Overheads)	39.0	45.2	48.2	51.4	55.0
CHQ/ RHQ Overheads	15.3	16.1	17.0	18.0	19.0
Depreciation as per IT Act	13.5	16.3	19.0	21.0	18.4
PBT	-22.3	-0.5	24.5	30.1	41.2
Tax for aeronautical services	0.0	0.0	8.5	10.4	14.2

15.10. The taxes actually paid/ apportioned in the 2nd control period are proposed to be trued up after review in the next control period.

15.11. Based on the material before it and its analysis, the Authority proposed the following:

15.11.1. To consider the corporate tax for aeronautical activities as per Table 43 for the 2nd control period.

15.11.2. To true up the difference between the actual/ apportioned corporate tax paid and that estimated by the Authority for the 2nd control period during determination of tariffs for the 3rd control period.

AAI's comments

15.12. AAI has stated that tax portion pertaining to 30% non-aero adjusted against ARR may be considered by AERA or atleast after tax non-aeronautical revenue may be considered.

Authority's examination of AAI's comments

15.13. The Authority has noted the comments from AAI on the taxation. As stated earlier in para 15.2, as per MIAL order no. 32/ 2012-13 (Decision No. XV), the Authority has



decided to consider corporate tax pertaining to earnings from aeronautical services under Hybrid Till.

Decision No. 12. Taxation

12.a. The Authority decides to consider the corporate tax for aeronautical activities as per Table 43 for the 2nd control period.

12.b. The Authority decides to true up the difference between the actual/ apportioned corporate tax paid and that estimated by the Authority for the 2nd control period during determination of tariffs for the 3rd control period.



सत्यमेव जयते



भा.वि.ज.प्रा.

AERA

16. Aggregate Revenue Requirement for Second control period

16.1. AAI has submitted Aggregate Revenue Requirement (ARR) the yield per passenger (YPP) for the 2nd control period as per Hybrid Till. AAI has shown the true-up value separately from yield calculations for 2nd control period. During discussions, AAI had requested for including true-up of 1st control period while calculating tariff for 2nd control period.

Table 44 - ARR and Yield as per AAI for the 2nd control period – Hybrid Till

Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Average Aeronautical RAB	101.1	117.9	184.8	222.0	405.2
Return on Average Aeronautical RAB@14%	14.2	16.5	25.9	31.1	56.7
Aeronautical Operating Expenditure	56.0	66.3	71.0	76.1	81.6
Depreciation on aeronautical RAB	19.6	23.8	36.0	32.1	78.4
Aeronautical Corporate Tax @34.60%	0.0	24.7	25.1	31.6	21.8
Less- 30% of Non-Aeronautical Revenues	12.6	14.0	15.7	17.5	20.9
ARR as per AAI	77.2	117.3	142.3	153.4	217.7
Total ARR as per AAI	707.7				
No. of Passengers (as per Actual/Projected)	2,515,640	2,704,376	2,907,587	3,126,414	3,362,089
Discounted ARR	77.2	102.9	109.5	103.5	128.9
True up short fall in 1 st control period as on 01.04.2016	66.7				
PV of ARR for the control period as on 01.04.2016	588.6				
Total Passengers during the control period	14,616,106				
Yield per passenger for the control period (PV of ARR for the control period/Total passengers during the control period)	402.7				

Authority's examination

16.2. The Authority has examined the calculations of AAI for various elements of the regulatory building blocks that contribute to the calculation of ARR.

16.3. The Authority has estimated the following ARR and yield for the 2nd control period under Hybrid Till based on various submissions of AAI and proposals considered by Authority in earlier sections on the building blocks.



Table 45 - ARR and Yield as per Authority for the 2nd control period – Hybrid Till

Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Average Aeronautical RAB	141.3	159.5	193.2	222.7	208.1
Return on Average Aeronautical RAB@14%	19.8	22.3	27.0	31.2	29.1
Aeronautical Operating Expenditure	54.3	61.3	65.2	69.4	73.9
Depreciation on aeronautical RAB	13.6	14.7	14.5	15.0	14.1
Aeronautical Corporate Tax @34.6%	0.0	0.0	8.5	10.4	14.2
Less – 30% of Non-Aeronautical Revenues	11.9	13.0	14.4	15.8	17.4
True up short fall in 1 st control period as on 01.04.2016	-12.9				
ARR as per Authority	62.8	85.3	100.9	110.2	114.0
Total ARR as per Authority					473.2
Discounted ARR	62.8	74.8	77.6	74.4	67.5
PV of ARR for the control period as on 01.04.2016					357.1
No. of Passengers (as per Projected)	2,651,088	2,849,864	3,063,873	3,294,316	3,542,486
Total Passengers during the control period					15,401,627
Yield per passenger for the control period (PV of ARR for the control period/Total passengers during the control period)					231.88
Target yield per pax	279.0	290.7	302.8	315.5	328.8
Target Aeronautical Revenues	74.0	82.8	92.8	103.9	116.5
PV of Target Aeronautical Revenues for the control period as on 01.04.2016					357.1



17. Annual Tariff Proposal

17.1. AAI has submitted ATP(s) for all years of the 2nd control period.

17.2. AAI has submitted the revision in tariff w.e.f. 01.04.2017 till 31.03.2021.

17.3. AAI has proposed for a scheme of rebate in landing charges depending on the number of landings per week for domestic flight operations.

17.4. Accordingly AAI has submitted the ATP(s) for 2nd control period in respect of CIA. The ATP(s) as submitted by AAI for the tariff years 2017-18 onwards (w.e.f. 01.04.2017) is annexed herewith for stakeholder consultation.

Authority's Examination

17.5. The Authority noted that AAI's proposed tariff could not be made applicable from 1st April, 2017.

17.6. Further, the Authority noted that the revenue from tariffs as proposed by AAI will exceed the proposed ARR as per Authority for the 2nd control period. The resultant excess as per tariffs proposed by AAI as on 01.04.2016 is provided in table no. 46 below.

17.7. The Authority noted that if the existing tariffs applicable at CIA are not increased for the second control period, there will be actual shortfall of ₹ 138.1 crore vis-à-vis ARR. The shortfall can either be met by increasing various aeronautical charges such as landing, parking & housing and fuel throughput or increasing UDF or both. Even with the increased parking & housing charges and fuel throughput charges proposed by AAI, there will be aeronautical revenues shortfall vis-à-vis ARR, for which the UDF is proposed to bridge the gap. After considering the revised landing, parking & housing and fuel throughput charges as proposed by AAI applicable from 01.09.2017, the resultant shortfall is INR ₹ 112.3 crore without any increase in UDF. To bridge the remaining shortfall, AAI has proposed the revised UDF of ₹ 400 per departing domestic passenger and ₹ 900 per departing international passenger as given in Table 47.

17.8. Further, the Authority noted that the revenue from tariffs and UDF as proposed by AAI, if made applicable from 01.09.2017 will exceed the proposed ARR as per Authority for the 2nd control period. The resultant excess as per tariffs proposed by AAI calculated as on 01.04.2016 is provided in table below.

Table 46 - Projected Revenue, Target Revenue and shortfall/ excess based on AAI proposed



tariffs for the 2nd control period applicable from 01.09.2017

Projected Aero Revenue based on AAI proposed tariffs (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Landing (A)	23.8	29.2	35.4	39.1	43.2
Parking and Housing (B)	0.2	0.3	0.4	0.4	0.4
UDF/ PSF as per existing rates (C)	11.1	11.0	11.8	12.7	13.6
FTP+ITP and lease rentals (D)	2.4	2.7	3.0	3.3	3.6
Ground Handling Charges and lease rentals (E)	5.8	6.2	6.5	7.0	7.4
CUTE (F)	1.5	1.6	1.7	1.8	2.0
Cargo Charges (G)	0.7	0.8	0.9	1.0	1.1
Total Projected Revenues without increased UDF (H = A+B+C+D+E+F+G)	45.5	51.7	59.6	65.2	71.3
Target Aero Revenue	62.8	85.3	92.4	99.8	99.8
Short fall (+)/ Excess (-) in revenue, i.e. difference (Projected – Permissible)	17.3	33.6	32.7	34.6	28.5
PV value of shortfall as on 01.04.2016 with Discount rate (14.00%)	17.3	29.5	25.2	23.4	16.9
Total PV of shortfall as on 01.04.2016 for the control period	112.3				
UDF with revised rates proposed by AAI (I)	11.1	72.3	129.5	144.5	161.2
Total Projected Revenues with increased UDF (J = H-C+I)	45.5	113.0	177.4	197.0	218.9
Target Aero Revenue	62.8	97.5	124.6	136.7	143.5
Short fall (+)/ Excess (-) in revenue, i.e. difference (Projected – Permissible)	17.3	-15.5	-52.8	-60.3	-75.3
PV value of short fall (+)/ excess (-) revenue as on 01.04.2016 with Discount rate (14.00%)	17.3	-13.6	-40.6	-40.7	-44.6
Total PV of short fall (+)/ excess (-) difference as on 01.04.2016 for the control period	-122.4				

17.9. Hence, the Authority had proposed to reduce the UDF as submitted by AAI such that the ARR is recovered through the revised tariffs. Accordingly, the UDF per departing passenger for domestic and international passengers is revised as per Table 47 to be applicable from 01.09.2017.

17.10. The Authority had proposed to merge UDF and PSF (facilitation) charges and only



UDF charges to be applicable on each domestic and international embarking passenger w.e.f. 01.09.2017.

17.11. The revised tariffs as applicable from 01.09.2017 as submitted by AAI and as proposed by the Authority are given in table below:

Table 47 - Revised aeronautical tariffs as submitted by AAI and as proposed by the Authority

Particular	Existing Tariff	Revised tariff by AAI	Revised tariff proposed by Authority
Rate per landing - International Flight			
Up to 10 MT	₹ 122.1 Per MT		
Above 10 MT up to 20 MT	₹1,221 + ₹ 179.3 per MT in excess of 10 MT		
Above 20 MT up to 50 MT	₹ 3,014 + ₹ 354.2 per MT in excess of 20 MT		
Above 50 MT up to 100 MT	₹ 13,640 + ₹ 413.6 per MT in excess of 50 MT		
Above 100 MT	₹ 34,320 + ₹ 471.9 per MT in excess of 100 MT		
Up to 25 MT		₹ 240 Per MT	₹ 240 Per MT
Above 25 MT up to 50 MT		₹ 6,000 + ₹ 450 per MT in excess of 25 MT	₹ 6,000 + ₹ 450 per MT in excess of 25 MT
Above 50 MT up to 100 MT		₹ 17,250 + ₹ 520 per MT in excess of 50 MT	₹ 17,250 + ₹ 520 per MT in excess of 50 MT
Above 100 MT to 200 MT		₹ 43,250 + ₹ 600 per MT in excess of 100 MT	₹ 43,250 + ₹ 600 per MT in excess of 100 MT
Above 200 MT		₹ 103,250 + ₹ 720 per MT in excess of 200 MT	₹ 103,250 + ₹ 720 per MT in excess of 200 MT
Rate per Landing - Domestic Flight			
Up to 10 MT	₹ 67.1 Per MT		
Above 10 MT up to 20 MT	₹ 671 + ₹ 117.7 per MT in excess of 10 MT		
Above 20 MT	₹ 1,848 + ₹ 231 per		



Particular	Existing Tariff	Revised tariff by AAI	Revised tariff proposed by Authority
	MT in excess of 20 MT		
Up to 25 MT		₹ 160 Per MT	₹ 160 Per MT
Above 25 MT up to 50 MT		₹ 4,000 + ₹ 280 per MT in excess of 25 MT	₹ 4,000 + ₹ 280 per MT in excess of 25 MT
Above 50 MT up to 100		₹ 11,000 + ₹ 320 per MT in excess of 50 MT	₹ 11,000 + ₹ 320 per MT in excess of 50 MT
Above 100 MT to 200 MT		₹ 27,000 + ₹ 390 per MT in excess of 100 MT	₹ 27,000 + ₹ 390 per MT in excess of 100 MT
Above 200 MT		₹ 66,000 + ₹ 440 per MT in excess of 200 MT	₹ 66,000 + ₹ 440 per MT in excess of 200 MT
Housing Charges			
Up to 40 MT	₹ 3.5 Per Hour Per MT		
Above 40 MT up to 100 MT	₹ 140 + ₹ 6.8 per MT per Hour in excess of 40 MT		
Above 100 MT	₹ 548 + ₹ 10.3 per MT per Hour in excess of 100 MT		
Up to 25 MT		₹ 6 Per Hour Per MT	₹ 6 Per Hour Per MT
Above 25 MT up to 50 MT		₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT	₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT
Above 50 MT up to 100		₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT	₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT		₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT	₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT
Above 200 MT		₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT	₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT
Parking Charges			
Up to 40 MT	₹ 1.8 Per Hour Per MT		



Particular	Existing Tariff	Revised tariff by AAI	Revised tariff proposed by Authority
Above 40 MT up to 100 MT	₹ 72 + ₹ 3.4 per MT per Hour in excess of 40 MT		
Above 100 MT	₹ 276 + ₹ 5.2 per MT per Hour in excess of 100 MT		
Up to 25 MT		₹ 3 Per Hour Per MT	₹ 3 Per Hour Per MT
Above 25 MT up to 50 MT		₹ 75 + ₹ 4 per Hour per MT in excess of 25 MT	₹ 75 + ₹ 4 per Hour per MT in excess of 25 MT
Above 50 MT up to 100		₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT	₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT		₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT	₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT
Above 200 MT		₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT	₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT
Throughput Charges			
Rate per KL	₹ 112.10	₹ 117.70	₹ 117.70
Passenger Service Fee – Facilitation (PSF-FC)			
Domestic Passenger	₹ 77 per embarking passenger	₹ 400 per embarking passenger	-
	\$ 1.93 per embarking passenger	\$ 10.03 per embarking passenger	Nil
International Passenger	₹ 77 per embarking passenger	₹ 900 per embarking passenger	-
	\$ 1.93 per embarking passenger	\$ 22.56 per embarking passenger	Nil
User Development Fee (UDF) (UDF proposed by Authority instead of PSF-FC above)			
Domestic Passenger	Nil	Nil	₹ 189 per embarking passenger
International Passenger	Nil	Nil	₹ 423 per embarking



Particular	Existing Tariff	Revised tariff by AAI	Revised tariff proposed by Authority
			passenger
Passenger Service Fee – Security*			
Domestic Passenger	₹ 130 per embarking passenger	₹ 130 per embarking passenger	₹ 130 per embarking passenger
	\$ 3.25 per embarking passenger	\$ 3.25 per embarking passenger	\$ 3.25 per embarking passenger
International Passenger	₹ 130 per embarking passenger	₹ 130 per embarking passenger	₹ 130 per embarking passenger
	\$ 3.25 per embarking passenger	\$ 3.25 per embarking passenger	\$ 3.25 per embarking passenger

* PSF-Security is determined by MoCA and the rates as provided by MoCA from time to time shall be applicable

17.12. Additionally, from 01.04.2018, the increase in tariffs as submitted by AAI is given below. The Authority had proposed to accept the increase in tariffs for the second control period as submitted by AAI.

17.12.1. Yearly increase of 4% per annum every subsequent year (FY 2018-19 onwards) in UDF per departing passenger

17.12.2. Yearly increase of 4% every subsequent year (FY 2018-19 onwards) in landing charges

17.12.3. Yearly increase of 5% per annum every subsequent year (FY 2018-19 onwards) in fuel throughput charges during the 2nd control period

17.13. The estimated aeronautical revenues based on tariffs as proposed by the Authority to be applicable from 01.09.2017 is indicated in table below.

Table 48 - Projected Revenue, Target Revenue and shortfall/ excess as per the Authority for the 2nd control period

Projected Aero Revenue based on AAI proposed tariffs (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Landing (A)	23.8	29.2	35.4	39.1	43.2
Parking and Housing (B)	0.2	0.3	0.4	0.4	0.4
UDF/ PSF as per existing rates (C)	11.1	11.0	11.8	12.7	13.6

Order no. 09/2017-18



Projected Aero Revenue based on AAI proposed tariffs (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
FTP+ITP and lease rentals (D)	2.4	2.7	3.0	3.3	3.6
Ground Handling Charges and lease rentals (E)	5.8	6.2	6.5	7.0	7.4
CUTE (F)	1.5	1.6	1.7	1.8	2.0
Cargo Charges (G)	0.7	0.8	0.9	1.0	1.1
Total Projected Revenues without increased UDF (H = A+B+C+D+E+F+G)	45.5	51.7	59.6	65.2	71.3
Target Aero Revenue	62.8	85.3	92.4	99.8	99.8
Short fall (+)/ Excess (-) in revenue, i.e. difference (Projected – Permissible)	17.3	33.6	32.7	34.6	28.5
PV value of shortfall (+) as on 01.04.2016 with Discount rate (14.00%)	17.3	29.5	25.2	23.4	16.9
Total PV of shortfall (+) as on 01.04.2016 for the control period	112.3				
UDF with revised rates proposed by AERA (I)	11.1	36.4	60.9	67.9	75.8
Total Projected Revenues with increased UDF (J = H-C+I)	45.5	77.1	108.8	120.5	133.5
Target Aero Revenue	62.8	85.3	100.9	110.2	114.0
Short fall (+)/ Excess (-) in revenue, i.e. difference (Projected – Permissible)	17.3	8.2	-7.9	-10.3	-19.5
PV value of short fall (+)/ excess (-) revenue as on 01.04.2016 with Discount rate (14.00%)	17.3	7.2	-6.1	-6.9	-11.5
Total PV of short fall (+)/ excess (-) difference as on 01.04.2016 for the control period	0				

17.14. The Authority noted that AAI has taken 6% inflation rate while determining the Yield per Passenger for tariff years in the 2nd control period and X factor of 0.01% from FY 2018-19 onwards. As per RBI issued Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 45, the WPI inflation is forecasted to be 4.2% for the next 5 years. The Authority had proposed to revise WPI for the 2nd control period to 4.2%.

17.15. The Authority had proposed that any shortfall/ excess in revenues for the 2nd control period based on proposed tariffs by the Authority to be considered while determining aeronautical tariffs for the 3rd control period.



17.16. The Authority noted that ASQ rating at Calicut has been marginally less than 3.75 for few quarters of 1st control period. However, the Authority further noted that in majority of the quarters in 2nd control period the quarterly ASQ rating is more than 3.75 as required under Section 6.14.3 of Airport Guidelines. The Authority expects AAI to maintain ASQ rating above 3.75 in 3rd control period. Details of the ASQ ratings are provided below.

Table 49 – Quarterly ASQ rating of CIA during the 1st control period

Quarter	2012	2013	2014	2015	2016
Q1		3.69	3.86	4.54	3.79
Q2		3.74	4.14	4.64	3.85
Q3		3.75	4.16	4.14	4.17
Q4	3.73	3.88	4.18	3.74	4.23
Average	3.73	3.77	4.09	4.27	4.01

17.17. Based on the material before it and its analysis, the Authority proposed the following:

17.17.1. To accept Annual Tariff Proposals as given in Table 47 (and Annexure) for determination of tariff during 2nd control period.

17.17.2. To continue with waiver of landing charges for (a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators (b) Helicopters of all types as approved by Govt. of India vide order no. G.17018/7/2001- AAI dated 09.02.2004 in order to encourage and promote intra-regional connectivity at CIA.

17.17.3. To provide waiver of landing and other charges in line with the Order No. 20/ 2016-17 dated 31.03.2017 of the Authority.

17.17.4. To merge UDF and PSF (facilitation) charges and only UDF charges to be applicable on each domestic and international embarking passenger w.e.f. 01.09.2017.

17.17.5. To consider shortfall in revenues for the 2nd control period based on proposed tariffs by AAI while determining aeronautical tariffs for the 3rd control period.

Stakeholders' comments and Authority's observations



Comments from FIA

17.18. In response to tariff card, FIA submitted that:

- 17.18.1. We witnessed a substantial jump in landing charges (31% & 26%- Domestic, 26% & 24% International sector for CIA.
- 17.18.2. User Development Fee (UDF): FIA members pointed out that collection charges of Rs.5/- per pax in case of UDF and 2.5% on PSF was decided almost a decade back. During last decade, these charges kept on increasing, whereas collection charges remained static. Rather in some cases it used to be exclusive of tax, now in recent orders of AERA they are inclusive of tax - 18% in GST. The same needs to be looked into by AERA.
- 17.18.3. Passenger Service Fee (PSF): In case of CIA, 2.5% collection charges on PSF security was not mentioned in the consultation paper, FIA requests AERA to clarify the same and spell out in the order.
- 17.18.4. There was a note specified under the UDF charges stating that in case of any outstanding, carrier will not be entitled for collection charges. FIA members pointed out that in a going concern there will always be dues and some of them may be disputed. This line should be removed from the note.
- 17.18.5. The issue of delay in settlement of collection charges by airport operator was raised by the member airlines. It was stated that if AERA or airport operator specifies that PSF/UDF should be paid within 15 days, they should also include the reciprocate condition that collection charges should be settled within 15 days of submission of invoice by carrier as in certain cases sometime it is pending for more than one year and never settled before 3 months. Members stated, else airport operator should pay 18% interest.
- 17.18.6. FIA Members raised the issue of steep hike in UDF charges by almost 61% in Calicut on account of USD pax.
- 17.18.7. With the introduction of GST the industry has an additional impact of Rs 3000/- crores, a substantial part of which may not be set-off due to restricted Input Tax Credit on economy class and will sit in their financial statement as cost. The airport operator has recently revised their land rates by



270%, which may not be in the prerogative of AERA but all these things will lead to passing on the burden to customer. Over & above if UDF charges are increased, it will be detrimental to industry interest. AERA needs to consider the overall market scenario.

AAI's submission to FIA's comments

17.19. In regards to FIA's comments on increase in landing charges, AAI stated that the landing charges have been increased by 31% and 26% on international and domestic aircraft movements. The revenue requirement of Calicut Airport is more than that of existing Aeronautical Charges, necessitating the proposed increase.

17.20. In regards to FIA's comments on the collection charges applicable on UDF and PSF, AAI stated that the collection charges of Rs. 5.00 per pax in case of UDF has been proposed by AAI whereas in case of DIAL and MIAL, only Rs. 2.5 per pax is allowed as collection charges. Over the period of ten years, the number of passengers has increased substantially, so the total amount of collection charges to be paid to the airlines has also increased.

17.21. In regards to FIA's comments that in case of any outstanding, carrier will not be entitled for collection charges, AAI stated that airlines are eligible for collection charges if it is settled within 15 days of submission of invoice. Airlines will not be eligible for collection charges if any outstanding is there for that carrier. In case of DIAL and MIAL, the same principle is applied. The words in the collection charges of DIAL's order are as under:

'To be eligible to claim this collection charges, the airlines should have no overdue on any other account with DIAL.'

17.22. In regards to FIA's comments on hike in UDF charges, AAI stated that there is a hike in UDF charges because the revenue requirement of Calicut Airport is more than that of the existing Aeronautical Charges, necessitating the proposed increase.

17.23. In response to FIA's comments on increase in land rates, AAI stated that AERA considers land lease revenue as Aeronautical Revenue. The increase in land lease rentals by AAI has been considered by AERA as Aeronautical Revenue on Hybrid Till basis. In fact this approach has the effect of reducing the charges.



Authority's examination of FIA's comments and AAI's submissions on FIA's comments

17.24. The Authority noted FIA's comment related to substantial increase in landing charges and UDF and the response of AAI to FIA's comments. It is clarified that the tariffs are determined such that the present value of revenues is equal to the present value of ARR for 2nd control period. UDF is proposed to bridge the revenue gap of projected revenue vis-à-vis ARR after considering increase in Landing, Parking, Housing and Fuel throughput charges. The revenue gap is because of the following reasons:

- a) capital expenditure of ₹ 153.3 crore is proposed in the 2nd control period
- b) operational expenditure will increase for CIA in the 2nd control period due to pay revision

17.25. With respect to collection charges and settlement period, the Authority clarifies that wherever the collection charges are payable the amount shall be settled within 15 days.

17.26. The Authority noted FIA's comments that collection charges for PSF-SC have not been mentioned in the consultation paper. It is clarified that the collection charges for PSF-SC have been provided as part of tariff cards in this order.

Comments from BAOA

17.27. In response to the tariff card submitted by AAI and proposed by the Authority, BAOA has stated that:

17.27.1. As per para 2 of AERA Act, Ground Handling (GH) Services are aeronautical services at a public airport. The tariff plan proposed by AERA vide Consultation Paper doesn't include GH charges for various services provided at these two airports, as listed out in AIC 3/2010.

17.27.2. As per para 2 of AERA Act, maintenance hangars, provided for undertaking essential line/ base maintenance services to ensure continuous airworthiness of aircraft to undertake safe flying operation, are aeronautical services at an airport. Therefore, rental charges for leasing these hangars to aircraft operators should have been included in the tariff plan.

17.27.3. The UDF charges should be linked to specific improvement in facilities for the passengers at these public airports. Otherwise, these would remain

73



charges levied without any stated targets for improving facilities for the passengers.

AAI's submission to FIA's comments

17.28. In regards to BAOA's comments on inclusion of Ground Handling charges in the Consultation Paper, AAI stated that it has considered GHA as Aeronautical Revenue. The charges of GHA is regulated by AERA. AERA will separately fix the charges of independent service provider.

17.29. In regards to BAOA's comments on inclusion of rental charges for leasing hangars to aircraft operators in the tariff plan, AAI stated that it has considered Hangar Charges as Non-Aeronautical Revenue and 30% of the Hangar rental is considered in calculating Aggregate Revenue Requirement for 2nd control period.

17.30. In regards to BAOA's comments on UDF charges, AAI stated that in Calicut Airport new terminal building will come up in the FY 2020-21. The other investments in Calicut Airports are also mentioned in CP.

Authority's examination of BAOA's comments and AAI's submission to BAOA's comments

17.31. The Authority has noted the comment from BAOA regarding the ground handling charges and the response of AAI to BAOA's comments. It is clarified that ground handling activities at Calicut airport are undertaken by ground handling agencies and not by airport operator. Hence, ground handling charges are not included in the Consultation Paper of the airport operator.

17.32. The Authority has noted the comment from BAOA regarding the maintenance hangars charges and the response of AAI to BAOA's comments. It is clarified that there are no hangars at CIA. Hence, the issue of fixing charges for leasing of hangars does not arise for CIA.

17.33. The Authority has noted the comment from BAOA regarding the UDF charges and the response of AAI to BAOA's comments. It is clarified that the tariffs are determined such that the present value of revenues is equal to the present value of ARR for 2nd control period. UDF is proposed to bridge the revenue gap of projected revenue vis-à-vis ARR after considering increase in Landing, Parking, Housing and Fuel throughput charges. The revenue gap is because of the following reasons:



- a) capital expenditure of ₹ 153.3 crore is proposed in the 2nd control period
- b) operational expenditure will increase for CIA during the 2nd control period due to pay revision

Comments from HPCL

17.34. AERA has proposed Fuel Throughput charges Rs 117.70 per kl applicable from 01.08.2017 to 31.03.2018 and from 01.04.2018, yearly increase of 5% per annum every subsequent year (FY 2018-19 onwards) during the 2nd control period (point no. 16.10.3, page 53). We shall abide by the decision taken by AERA. However, any revision in Fuel Throughput charges should be approved on prospective basis.

AAI's submission to FIA's comments

17.35. In regards to FIA's comments on Fuel Throughput Charges, AAI stated that the Fuel Throughput Charges proposed by AAI for Calicut Airport is prospective. The rate of Fuel Throughput Charges will be applicable w.e.f. 01.08.2017.

Authority's examination of HPCL's comments and AAI's submission to HPCL's comments

17.36. With respect to HPCL's comment on determining FTC on prospective basis, the Authority notes that the FTC at CIA and many other airports operated by AAI are subject to the commercial agreement between AAI and oil companies. Inasmuch as, the Authority has considered FTC as an aeronautical charge and revenues arising therefrom as aeronautical revenues, such revenue in the hands of AAI would be reckoned towards aeronautical charges, apart from the regulatory mechanisms of Hybrid Till. Having considered all these factors, the Authority decides to accept levy of revised FTC as proposed by AAI. This rate shall be effective from 01.09.2017.

AAI's Comments

17.37. The average International Landing rate of Calicut Airport was previously considered as 26%. In order to keep uniform Landing rates of major airports of southern region, the International Landing rates of Trivandrum Airport is taken as a base. It is now proposed to increase average international landing rate of Calicut Airport by 8% instead of 26% in order to match the international landing rate of Trivandrum Airport. The reduction of



18% in landing rates as proposed earlier is requested to be adjusted with increase in UDF for both Domestic and International pax to maintain parity with Trivandrum Airport.

17.38. The tariff card as proposed by the Authority is to be applicable from 01.08.2017 to 31.03.2018. If the date of applicability of tariff card changes from 01.08.2017 then the increase in shortfall is requested to be adjusted with increase in UDF for both Domestic and International pax.

Authority's examination of AAI's comments

17.39. The Authority has noted the AAI's request to revise the landing rates at Calicut Airport to match it with the Trivandrum Airport. The Authority observed that the catchment area for traffic at Trivandrum and CIA is different. In addition, the Authority noted that the originally proposed rate card had been shared with the stakeholders in the consultation paper for their comments. In view of the above, the Authority decides not to consider any revisions in the landing charges at this stage and accept the Annual Tariff Proposals as per Table 47 (and Annexure).

17.40. The Authority has revised UDF due to postponement of date of tariffs applicability from 01.08.2017 to 01.09.2017.

Decision No. 13. Tariff rate card

13.a. The Authority decides to accept Annual Tariff Proposal for 2017-18 as given in Table 47 (and Annexure) for determination of tariff during 2nd control period. The Authority decides to accept the increase in tariffs for subsequent years of the second control period as below:

- a) Yearly increase of 4% per annum every subsequent year (FY 2018-19 onwards) in UDF per departing passenger
- b) Yearly increase of 4% every subsequent year (FY 2018-19 onwards) in landing charges
- c) Yearly increase of 5% per annum every subsequent year (FY 2018-19 onwards) in fuel throughput charges during the 2nd control period

13.b. The Authority decides to continue with waiver of landing charges for (a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators (b) Helicopters of all types as approved by Govt. of India vide

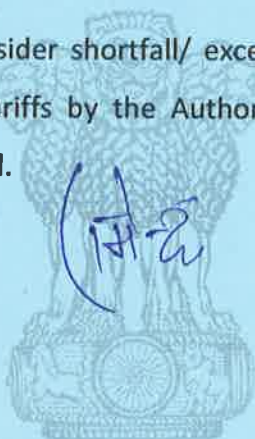


order no. G.17018/7/2001- AAI dated 9th Feb 2004 in order to encourage and promote intra-regional connectivity at CIA.

13.c. The Authority decides to provide waiver of landing and other charges in line with the Order No. 20/ 2016-17 dated 31.03.2017 of the Authority.

13.d. The Authority decides to merge UDF and PSF (facilitation) charges and only UDF charges to be applicable on each domestic and international embarking passenger w.e.f. 01.09.2017.

13.e. The Authority decides to consider shortfall/ excess in revenues for the 2nd control period based on proposed tariffs by the Authority while determining aeronautical tariffs for the 3rd control period.



भा.वि.जा.वि.प्रा.

AERA

18. Summary of Orders

Decision no. 1. Methodology for tariff determination.....	11
Decision no. 2. True-up for the 1st control period.....	22
Decision no. 3. Traffic Forecast	26
Decision No. 4. Allocation of assets between Aeronautical and Non-aeronautical services....	31
Decision No. 5. Opening Regulatory Asset Base for the 2 nd control period.....	32
Decision No. 6. Capital Expenditure	36
Decision No. 7. Treatment of Depreciation	39
Decision No. 8. RAB for 2 nd control period.....	41
Decision No. 9. FRoR	43
Decision No. 10. Non Aeronautical Revenues.....	50
Decision No. 11. Operation and Maintenance expenditure	57
Decision No. 12. Taxation.....	60
Decision No. 13. Tariff rate card	76



भा.वि.आ.वि.प्रा.
AERA

19. Order

19.1. In exercise of powers conferred by Section 13 (1) (a) of the AERA Act, 2008 and based on the above decisions, the Authority hereby determines, the aeronautical tariffs to be levied at Calicut Airport for the second control period as placed at Annexure I, Annexure II, Annexure III and Annexure IV. These rates will be effective from 01.09.2017. The tariffs for the subsequent tariff years (i.e. FY 2018-19, FY 2019-20 and FY 2020-21) will be effective from 1st April of each Tariff Year, during the current Control Period.

19.2. In exercise of powers conferred by Section 13 (1) (b) of the AERA Act, 2008, read with Rule 89 of the Aircraft Rules, 1937, the Authority hereby determines the rate of UDF as indicated in the rate cards at Annexure I, Annexure II, Annexure III and Annexure IV for the current Control Period. These rates will be effective from 01.09.2017.

19.3. The tariffs determined herein are ceiling rates, exclusive of taxes, if any.

By the Order of and in the Name of the Authority

सत्यमेव जयते

(Signature)
(Ramendra Pratap Shukla)
Deputy Chief

To,

Airports Authority of India
Rajiv Gandhi Bhavan
Safdarjung Airport
New Delhi -110003

भा.वि.आ.वि.प्रा.

AERA



List of Tables

Table 1 - Passenger and ATM traffic during the 1 st control period at CIA	2
Table 2 – Technical and Terminal building details of CIA.....	2
Table 3 – Summary of stakeholders’ comments.....	4
Table 4 – Opening RAB for the 1 st control period – Single Till	13
Table 5 - ARR as per AAI for the 1 st control period – Single Till	13
Table 6 - Aeronautical revenue earned for the 1 st control period as per AAI Submission – Single Till	14
Table 7 - ARR and its resultant shortfall as per AAI for 1 st control period – Single Till	14
Table 8 - Depreciation rates as submitted by AAI.....	15
Table 9 – The Authority’s consideration on depreciation for 1 st control period – Single Till	16
Table 10 – The Authority’s consideration of average RAB for 1 st control period – Single Till	17
Table 11 – Comparison of NAR as considered by AAI and the Authority for 1 st control period	17
Table 12 - Summary of CHQ/ RHQ Overheads as submitted by AAI for 1 st control period	18
Table 13 - Summary of O&M expenditure as per the Authority for 1 st control period -Single Till	19
Table 14 – Revised amount of Tax as considered by the Authority for the 1 st control period	20
Table 15 - ARR as per Authority for the 1 st control period – Single Till.....	20
Table 16 - ARR, yield and shortfall as per Authority for 1 st control period – Single Till	21
Table 17 - Traffic Growth rates assumed by AAI for the 2 nd control period	23
Table 18 - CAGR for traffic at CIA	23
Table 19 – Traffic growth rates and Traffic as considered by Authority for 2 nd control period.....	24
Table 20 – Allocation of gross block of assets as on 01.04.2016 between aeronautical and non-aeronautical services as submitted by AAI	27
Table 21 – Workings of Terminal Area Ratio calculation as submitted by AAI for FY 2015-16	28
Table 22 – Change in allocation of gross block of assets existing as on 01.04.2016 between aeronautical and non-aeronautical services proposed by the Authority.....	29
Table 23 – Allocation of gross block of assets as on 01.04.2016 between aeronautical and non-aeronautical services as considered by the Authority	31
Table 24 - Calculation of opening RAB as on 1 st April 2016 as per AAI submission – Hybrid Till	32
Table 25 - Calculation of opening RAB as on 1 st April 2016 as per the Authority – Hybrid Till	32
Table 26 – Aeronautical assets to be capitalized at CIA for 2 nd control period as per AAI	33
Table 27 - Revised aeronautical capital expenditure for 2 nd control period as considered by the Authority	36
Table 28 - Depreciation rates as submitted by AAI and as considered by the Authority	38
Table 29 - Authority’s consideration on depreciation for the 2 nd control period – Hybrid Till.....	39
Table 30 - Summary of the RAB and Depreciation for CIA (Airport Services) as per AAI for the 2 nd control period.....	40
Table 31 - Summary of forecast and Roll forward RAB and Depreciation for CIA (Airport Services) considered by the Authority for 2 nd control period – Hybrid Till	40
Table 32 - Revenue from Non-aeronautical Services – Projected by AAI for 2 nd control period	44
Table 33 – Assumption (growth rates) for Service other than Regulated Services for the 2 nd Control Period as per AAI.....	44
Table 34 – Details of land allotted to ground handling and supply of fuel service providers in 2 nd control period.....	45
Table 35 – Adjustment to Revenue from Non-aeronautical Services considered by Authority for 2 nd control period.....	47
Table 36 - Summary of Aeronautical O&M expenditure as submitted by AAI for 2 nd control period on Hybrid Till	51
Table 37 – Assumptions made by AAI for each item of O&M expenditure	51



Table 38 – O&M Expense allocation as submitted by AAI.....	52
Table 39 – Total O&M expenditure for FY 2015-16 as proposed by the Authority.....	54
Table 40 – Expense allocation between aeronautical and non-aeronautical services proposed by the Authority	55
Table 41 - Summary of Aeronautical O&M expenditure as per the Authority for the 2 nd control period as per Hybrid Till.....	55
Table 42 - Amount of Tax for aeronautical services as per AAI submission and as calculated by the Authority for the 2 nd control period - Hybrid Till	58
Table 43 - Amount of Tax for aeronautical services as calculated by the Authority for the 2 nd control period - Hybrid Till.....	59
Table 44 - ARR and Yield as per AAI for the 2 nd control period – Hybrid Till.....	61
Table 45 - ARR and Yield as per Authority for the 2 nd control period – Hybrid Till.....	62
Table 46 - Projected Revenue, Target Revenue and shortfall/ excess based on AAI proposed tariffs for the 2 nd control period applicable from 01.09.2017	63
Table 47 - Revised aeronautical tariffs as submitted by AAI and as proposed by the Authority	65
Table 48 - Projected Revenue, Target Revenue and shortfall/ excess as per the Authority for the 2 nd control period.....	68
Table 49 – Quarterly ASQ rating of CIA during the 1 st control period	70



सत्यमेव जयते



भा.वि.आ.वि.प्रा.

AERA

Annexure I – Detailed Tariff Card to be applicable from 01.09.2017 to 31.03.2018

1) LANDING CHARGES

Rate per landing - International Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 240 Per MT
Above 25 MT up to 50 MT	₹ 6,000 + ₹ 450 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 17,250 + ₹ 520 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 43,250 + ₹ 600 per MT in excess of 100 MT
Above 200 MT	₹ 103,250 + ₹ 720 per MT in excess of 200 MT

Rate per Landing - Domestic Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 160 Per MT
Above 25 MT up to 50 MT	₹ 4,000 + ₹ 280 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 11,000 + ₹ 320 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 27,000 + ₹ 390 per MT in excess of 100 MT
Above 200 MT	₹ 66,000 + ₹ 440 per MT in excess of 200 MT

Incentives for increasing the Domestic Flight Operation:

Percentage increase in Aircraft (Landing Domestic) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.08.2017 to 31.08.2017 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%

Notes:

- The initial Aircraft movement per operator per fortnight will be taken from 16.08.2017 to 31.08.2017. The actual Aircraft movement per operator for the period 16.08.2017 to 31.08.2017 would be frozen for the entire Financial Year (01.09.2017 to 31.03.2018) for the purpose of calculation.
- Percentage increase in Aircraft will be rounded off to the nearest whole number.
- Discount on total Landing will be offered only if the payment is made within the stipulated time



Incentives for increasing the International Flight Operation:

Percentage increase in Aircraft (Landing International) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.08.2017 to 31.08.2017 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%
Notes: <ul style="list-style-type: none">The initial Aircraft movement per operator per fortnight will be taken from 16.08.2017 to 31.08.2017 .The actual Aircraft movement per operator for the period 16.08.2017 to 31.08.2017 would be frozen for the entire financial year (01.09.2017 to 31.03.2018) for the purpose of calculation.Percentage increase in Aircraft will be rounded off to the nearest whole number.Discount on total Landing will be offered only if the payment is made within the stipulated time.	

Note

1)	All domestic legs of international routes flown by Indian Operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.
2)	No landing charges shall be payable in respect of a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators at airport and b) helicopters of all types c) DGCA approved Flying school/flying training institute aircrafts.
3)	Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg)

AERA



II) PARKING AND HOUSING CHARGES

	Rates (In ₹)	Rates (In ₹)
Weight of the Aircraft	Parking Charges Rates per Hour	Housing Charges Rates per Hour
Up to 25 MT	₹ 3 Per Hour Per MT	₹ 6 Per Hour Per MT
Above 25 MT up to 50 MT	₹ 75 + ₹ 4 per Hour per MT in excess of 25 MT	₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT	₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT	₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT
Above 200 MT	₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT	₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT

Note

- 1) No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point these periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before takeoff.
- 2) For calculating chargeable parking time any part of an hour shall be rounded off to the next hour.
- 3) Charges shall be calculated on the basis of nearest MT.
- 4) Charges for each parking period shall be rounded off to nearest Rupee
- 5) At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
- 6) It is decided to waive off the night parking charges in principle for all domestic scheduled operators at Calicut Airport if the State Government has brought the rate of tax (VAT) on ATF up to 5%. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs) will be made applicable from the date of implementation of 5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn for all the airports within the jurisdiction of the said State



III) THROUGHPUT CHARGES

Rate Per KL (IN ₹)
₹ 117.70

IV) PASSENGER SERVICE FEE (PSF) – SECURITY* - Existing rate will continue

- 1) Rs. 130/- per embarking International/ Domestic passenger.
- 2) US \$ 3.25 (US \$ Three and twenty five cents only) per passenger in respect of the tickets issued against Dollar Tariff.
- 3) Collection charges: if the payment is made within 15 days of receipt of invoice, then collection charges at 2.50% of PSF per passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the PSF to AAI within the credit period of 15 days. Wherever collection charges are payable the amount shall be settled within 15 days.
- 4) No PSF (Security) will be levied for Transit Passengers.
- 5) For conversion of US \$ into ₹ the rate as on 1st day of the month for 1st fortnightly billing period and rate as on 16th of the month for the 2nd fortnightly billing period shall be adopted. If the payment is made within 15 days of receipt of bills, then collection at 2.5% of PSF per passenger is payable.

* PSF-Security is determined by MoCA and the rates as provided by MoCA from time to time shall be applicable

V) USER DEVELOPMENT FEE (UDF)

Particulars	
Domestic	₹ 189 per embarking passenger
International	₹ 423 per embarking passenger

Notes

1)	If the payment is made within 15 days of receipt of invoice then collection charges at ₹ 5 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days or in case of any part payment. To be eligible to claim this collection charges, the airlines should have no overdue on any account with AAI. Wherever collection charges are payable the amount shall be settled within 15 days.
2)	No collection charges are payable to casual operators/non-scheduled operators
3)	For conversion of US\$ into ₹ the rate as on the 1 st day of the month for 1 st fortnightly billing period and rate as on 16 th of the month for the 2 nd fortnightly billing period shall be adopted.
4)	No UDF will be levied for Transit Passengers
5)	Revised UDF charges will be applicable on tickets issued on or after 01.09.2017.



VI) Exemption from levy and collection from PSF at the Airports:

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated 30.11.2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF & Security

1)	Children (under age of 2 years),
2)	Holders of Diplomatic Passport,
3)	Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),
4)	Persons travelling on official duty on aircraft operated by Indian Armed Forces,
5)	Persons traveling on official duty for United Nations Peace Keeping Missions.
6)	Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
7)	Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

VII) GENERAL CONDITION:

- Flight operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No. 20/ 2016-17 dated 31.03.2017 of the Authority from the date the scheme is operationalized by GOI.
- All the above Charges are excluding GST. GST at the applicable rates are payable in addition to above charges.

भा.वि.आ.वि.प्रा.
AERA



Annexure II – Detailed Tariff Card to be applicable from 01.04.2018 to 31.03.2019

1) LANDING CHARGES

Rate per landing - International Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 250 Per MT
Above 25 MT up to 50 MT	₹ 6,250 + ₹ 468 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 17,950 + ₹ 541 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 45,000 + ₹ 624 per MT in excess of 100 MT
Above 200 MT	₹ 107,400 + ₹ 749 per MT in excess of 200 MT

Rate per Landing - Domestic Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 166 Per MT
Above 25 MT up to 50 MT	₹ 4,150 + ₹ 291 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 11,425 + ₹ 333 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 28,075 + ₹ 406 per MT in excess of 100 MT
Above 200 MT	₹ 68,675 + ₹ 458 per MT in excess of 200 MT

Incentives for increasing the Domestic Flight Operation:

Percentage increase in Aircraft (Landing Domestic) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.03.2018 to 31.03.2018 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%

Notes:

- Percentage increase in Aircraft will be rounded off to the nearest whole number.
- Discount on total Landing will be offered only if the payment is made within the stipulated time.
- For the F.Y. 2018-19, the initial Aircraft movement per operator for the period 16.03.2018 to 31.03.2018 would be frozen for the entire F.Y. 2018-19 for the purpose of calculation of discount.



Incentives for increasing the International Flight Operation:

Percentage increase in Aircraft (Landing International) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.03.2018 to 31.03.2018 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%
Notes: <ul style="list-style-type: none">• Percentage increase in Aircraft will be rounded off to the nearest whole number.• Discount on total Landing will be offered only if the payment is made within the stipulated time.• For the F.Y. 2018-19, the initial Aircraft movement per operator for the period 16.03.2018 to 31.03.2018 would be frozen for the entire F.Y. 2018-19 for the purpose of calculation of Discount	

Note

1)	All domestic legs of international routes flown by Indian Operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.
2)	No landing charges shall be payable in respect of a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators at airport and b) helicopters of all types c) DGCA approved Flying school/flying training institute aircrafts.
3)	Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg)

भा.वि.आ.वि.प्रा.

AERA



II) PARKING AND HOUSING CHARGES

	Rates (In ₹)	Rates (In ₹)
Weight of the Aircraft	Parking Charges Rates per Hour	Housing Charges Rates per Hour
Up to 25 MT	₹ 3 Per Hour Per MT	₹ 6 Per Hour Per MT
Above 25 MT up to 50 MT	₹ 75 + ₹ 4 per Hour per MT in excess of 25 MT	₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT	₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT	₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT
Above 200 MT	₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT	₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT

Note

- 1) No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point these periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before takeoff.
- 2) For calculating chargeable parking time any part of an hour shall be rounded off to the next hour.
- 3) Charges shall be calculated on the basis of nearest MT.
- 4) Charges for each parking period shall be rounded off to nearest Rupee
- 5) At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
- 6) It is decided to waive off the night parking charges in principle for all domestic scheduled operators at Calicut Airport if the State Government has brought the rate of tax (VAT) on ATF up to 5%. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs) will be made applicable from the date of implementation of 5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn for all the airports within the jurisdiction of the said State



III) THROUGHPUT CHARGES

Rate Per KL (IN ₹)
₹ 123.60

IV) PASSENGER SERVICE FEE (PSF) – SECURITY* - Existing rate will continue

- 1) Rs. 130/- per embarking International/ Domestic passenger.
- 2) US \$ 3.25 (US \$ Three and twenty five cents only) per passenger in respect of the tickets issued against Dollar Tariff.
- 3) Collection charges: if the payment is made within 15 days of receipt of invoice, then collection charges at 2.50% of PSF per passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the PSF to AAI within the credit period of 15 days. Wherever collection charges are payable the amount shall be settled within 15 days.
- 4) No PSF (Security) will be levied for Transit Passengers.
- 5) For conversion of US \$ into ₹ the rate as on 1st day of the month for 1st fortnightly billing period and rate as on 16th of the month for the 2nd fortnightly billing period shall be adopted. If the payment is made within 15 days of receipt of bills, then collection at 2.5% of PSF per passenger is payable.

* PSF-Security is determined by MoCA and the rates as provided by MoCA from time to time shall be applicable

V) USER DEVELOPMENT FEE (UDF)

Particulars	
Domestic	₹ 197 per embarking passenger
International	₹ 440 per embarking passenger

Notes

- 1) If the payment is made within 15 days of receipt of invoice then collection charges at ₹ 5 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days or in case of any part payment. To be eligible to claim this collection charges, the airlines should have no overdue on any account with AAI. Wherever collection charges are payable the amount shall be settled within 15 days.
- 2) No collection charges are payable to casual operators/non-scheduled operators
- 3) For conversion of US\$ into ₹ the rate as on the 1st day of the month for 1st fortnightly billing period and rate as on 16th of the month for the 2nd fortnightly billing period shall be adopted.
- 4) No UDF will be levied for Transit Passengers



VI) Exemption from levy and collection from PSF at the Airports:

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated 30.11.2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF & Security

1)	Children (under age of 2 years),
2)	Holders of Diplomatic Passport,
3)	Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),
4)	Persons travelling on official duty on aircraft operated by Indian Armed Forces,
5)	Persons traveling on official duty for United Nations Peace Keeping Missions.
6)	Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
7)	Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

VII) GENERAL CONDITION:

- Flight operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No. 20/ 2016-17 dated 31.03.2017 of the Authority from the date the scheme is operationalized by GOI.
- All the above Charges are excluding GST. GST at the applicable rates are payable in addition to above charges.

भा.वि.आ.वि.प्रा.
AERA



Annexure III – Detailed Tariff Card to be applicable from 01.04.2019 to 31.03.2020

1) LANDING CHARGES

Rate per landing - International Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 260 Per MT
Above 25 MT up to 50 MT	₹ 6,500 + ₹ 487 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 18,675 + ₹ 563 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 46,825 + ₹ 649 per MT in excess of 100 MT
Above 200 MT	₹ 111,725 + ₹ 779 per MT in excess of 200 MT

Rate per Landing - Domestic Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 173 Per MT
Above 25 MT up to 50 MT	₹ 4,325 + ₹ 303 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 11,900 + ₹ 346 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 29,200 + ₹ 422 per MT in excess of 100 MT
Above 200 MT	₹ 71,400 + ₹ 476 per MT in excess of 200 MT

Incentives for increasing the Domestic Flight Operation:

Percentage increase in Aircraft (Landing Domestic) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.03.2019 to 31.03.2019 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%

Notes:

- Percentage increase in Aircraft will be rounded off to the nearest whole number.
- Discount on total Landing will be offered only if the payment is made within the stipulated time.
- For the F.Y. 2019-20, the initial Aircraft movement per operator for the period 16.03.2019 to 31.03.2019 would be frozen for the entire F.Y. 2019-20 for the purpose of calculation of discount



Incentives for increasing the International Flight Operation:

Percentage increase in Aircraft (Landing International) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.03.2019 to 31.03.2019 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%

Notes:

- Percentage increase in Aircraft will be rounded off to the nearest whole number.
- Discount on total Landing will be offered only if the payment is made within the stipulated time.
- For the F.Y. 2019-20, the initial Aircraft movement per operator for the period 16.03.2019 to 31.03.2019 would be frozen for the entire F.Y. 2019-20 for the purpose of calculation of discount

Note

1)	All domestic legs of international routes flown by Indian Operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.
2)	No landing charges shall be payable in respect of a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators at airport and b) helicopters of all types c) DGCA approved Flying school/flying training institute aircrafts.
3)	Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg)

भा.वि.आ.वि.प्रा.
AERA



II) PARKING AND HOUSING CHARGES

	Rates (In ₹)	Rates (In ₹)
Weight of the Aircraft	Parking Charges Rates per Hour	Housing Charges Rates per Hour
Up to 25 MT	₹ 3 Per Hour Per MT	₹ 6 Per Hour Per MT
Above 25 MT up to 50 MT	₹ 75 + ₹ 4 per Hour per MT in excess of 25 MT	₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT	₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT	₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT
Above 200 MT	₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT	₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT

Note

- 1) No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point these periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before takeoff.
- 2) For calculating chargeable parking time any part of an hour shall be rounded off to the next hour.
- 3) Charges shall be calculated on the basis of nearest MT.
- 4) Charges for each parking period shall be rounded off to nearest Rupee
- 5) At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
- 6) It is decided to waive off the night parking charges in principle for all domestic scheduled operators at Calicut Airport if the State Government has brought the rate of tax (VAT) on ATF up to 5%. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs) will be made applicable from the date of implementation of 5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn for all the airports within the jurisdiction of the said State



III) THROUGHPUT CHARGES

Rate Per KL (IN ₹)
₹ 129.80

IV) PASSENGER SERVICE FEE (PSF) – SECURITY* - Existing rate will continue

- 1) Rs. 130/- per embarking International/ Domestic passenger.
- 2) US \$ 3.25 (US \$ Three and twenty five cents only) per passenger in respect of the tickets issued against Dollar Tariff.
- 3) Collection charges: if the payment is made within 15 days of receipt of invoice, then collection charges at 2.50% of PSF per passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the PSF to AAI within the credit period of 15 days. Wherever collection charges are payable the amount shall be settled within 15 days.
- 4) No PSF (Security) will be levied for Transit Passengers.
- 5) For conversion of US \$ into ₹ the rate as on 1st day of the month for 1st fortnightly billing period and rate as on 16th of the month for the 2nd fortnightly billing period shall be adopted. If the payment is made within 15 days of receipt of bills, then collection at 2.5% of PSF per passenger is payable.

* PSF-Security is determined by MoCA and the rates as provided by MoCA from time to time shall be applicable

V) USER DEVELOPMENT FEE (UDF)

Particulars	
Domestic	₹ 205 per embarking passenger
International	₹ 458 per embarking passenger

Notes

1)	If the payment is made within 15 days of receipt of invoice then collection charges at ₹ 5 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days or in case of any part payment. To be eligible to claim this collection charges, the airlines should have no overdue on any account with AAI. Wherever collection charges are payable the amount shall be settled within 15 days.
2)	No collection charges are payable to casual operators/non-scheduled operators
3)	For conversion of US\$ into ₹ the rate as on the 1 st day of the month for 1 st fortnightly billing period and rate as on 16 th of the month for the 2 nd fortnightly billing period shall be adopted.
4)	No UDF will be levied for Transit Passengers



VI) Exemption from levy and collection from PSF at the Airports:

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated 30.11.2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF & Security

1)	Children (under age of 2 years),
2)	Holders of Diplomatic Passport,
3)	Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),
4)	Persons travelling on official duty on aircraft operated by Indian Armed Forces,
5)	Persons traveling on official duty for United Nations Peace Keeping Missions.
6)	Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
7)	Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

VII) GENERAL CONDITION:

- Flight operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No. 20/ 2016-17 dated 31.03.2017 of the Authority from the date the scheme is operationalized by GOI.
- All the above Charges are excluding GST. GST at the applicable rates are payable in addition to above charges.

भा.वि.आ.वि.प्रा.
AERA



Annexure IV – Detailed Tariff Card to be applicable from 01.04.2020 to 31.03.2021

1) LANDING CHARGES

Rate per landing - International Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 270 Per MT
Above 25 MT up to 50 MT	₹ 6,750 + ₹ 506 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 19,400 + ₹ 586 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 48,700 + ₹ 675 per MT in excess of 100 MT
Above 200 MT	₹ 116,200 + ₹ 810 per MT in excess of 200 MT

Rate per Landing - Domestic Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 180 Per MT
Above 25 MT up to 50 MT	₹ 4,500 + ₹ 315 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 12,375 + ₹ 360 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 30,375 + ₹ 439 per MT in excess of 100 MT
Above 200 MT	₹ 74,275 + ₹ 495 per MT in excess of 200 MT

Incentives for increasing the Domestic Flight Operation:

Percentage increase in Aircraft (Landing Domestic) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.03.2020 to 31.03.2020 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%

Notes:

- Percentage increase in Aircraft will be rounded off to the nearest whole number.
- Discount on total Landing will be offered only if the payment is made within the stipulated time.
- For the F.Y. 2020-21, the initial Aircraft movement per operator for the period 16.03.2020 to 31.03.2020 would be frozen for the entire F.Y. 2020-21 for the purpose of calculation of discount



Incentives for increasing the International Flight Operation:

Percentage increase in Aircraft (Landing International) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.03.2020 to 31.03.2020 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%
Notes: <ul style="list-style-type: none">Percentage increase in Aircraft will be rounded off to the nearest whole number.Discount on total Landing will be offered only if the payment is made within the stipulated time.For the F.Y. 2020-21, the initial Aircraft movement per operator for the period 16.03.2020 to 31.03.2020 would be frozen for the entire F.Y. 2020-21 for the purpose of calculation of discount	

Note

1)	All domestic legs of international routes flown by Indian Operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.
2)	No landing charges shall be payable in respect of a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators at airport and b) helicopters of all types c) DGCA approved Flying school/flying training institute aircrafts.
3)	Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg)



II) PARKING AND HOUSING CHARGES

	Rates (In ₹)	Rates (In ₹)
Weight of the Aircraft	Parking Charges Rates per Hour	Housing Charges Rates per Hour
Up to 25 MT	₹ 3 Per Hour Per MT	₹ 6 Per Hour Per MT
Above 25 MT up to 50 MT	₹ 75 + ₹ 4 per Hour per MT in excess of 25 MT	₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT	₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT	₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT
Above 200 MT	₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT	₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT

Note

- 1) No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point these periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before takeoff.
- 2) For calculating chargeable parking time any part of an hour shall be rounded off to the next hour.
- 3) Charges shall be calculated on the basis of nearest MT.
- 4) Charges for each parking period shall be rounded off to nearest Rupee
- 5) At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
- 6) It is decided to waive off the night parking charges in principle for all domestic scheduled operators at Calicut Airport if the State Government has brought the rate of tax (VAT) on ATF up to 5%. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs) will be made applicable from the date of implementation of 5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn for all the airports within the jurisdiction of the said State



III) THROUGHPUT CHARGES

Rate Per KL (IN ₹)
₹ 136.30

IV) PASSENGER SERVICE FEE (PSF) – SECURITY* - Existing rate will continue

- 1) Rs. 130/- per embarking International/ Domestic passenger.
- 2) US \$ 3.25 (US \$ Three and twenty five cents only) per passenger in respect of the tickets issued against Dollar Tariff.
- 3) Collection charges: if the payment is made within 15 days of receipt of invoice, then collection charges at 2.50% of PSF per passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the PSF to AAI within the credit period of 15 days. Wherever collection charges are payable the amount shall be settled within 15 days.
- 4) No PSF (Security) will be levied for Transit Passengers.
- 5) For conversion of US \$ into ₹ the rate as on 1st day of the month for 1st fortnightly billing period and rate as on 16th of the month for the 2nd fortnightly billing period shall be adopted. If the payment is made within 15 days of receipt of bills, then collection at 2.5% of PSF per passenger is payable.

* PSF-Security is determined by MoCA and the rates as provided by MoCA from time to time shall be applicable

V) USER DEVELOPMENT FEE (UDF)

Particulars	
Domestic	₹ 213 per embarking passenger
International	₹ 476 per embarking passenger

Notes

1)	If the payment is made within 15 days of receipt of invoice then collection charges at ₹ 5 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days or in case of any part payment. To be eligible to claim this collection charges, the airlines should have no overdue on any account with AAI. Wherever collection charges are payable the amount shall be settled within 15 days.
2)	No collection charges are payable to casual operators/non-scheduled operators
3)	For conversion of US\$ into ₹ the rate as on the 1 st day of the month for 1 st fortnightly billing period and rate as on 16 th of the month for the 2 nd fortnightly billing period shall be adopted.
4)	No UDF will be levied for Transit Passengers



VI) Exemption from levy and collection from PSF at the Airports:

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated 30.11.2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF & Security

1)	Children (under age of 2 years),
2)	Holders of Diplomatic Passport,
3)	Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),
4)	Persons travelling on official duty on aircraft operated by Indian Armed Forces,
5)	Persons traveling on official duty for United Nations Peace Keeping Missions.
6)	Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
7)	Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

VII) GENERAL CONDITION:

- Flight operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No. 20/ 2016-17 dated 31.03.2017 of the Authority from the date the scheme is operationalized by GOI.
- All the above Charges are excluding GST. GST at the applicable rates are payable in addition to above charges.

भा.वि.आ.वि.प्रा.
AERA

